

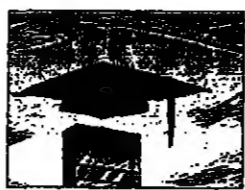
FINANCIAL TIMES

World Business Newspaper <http://www.FT.com>

MONDAY APRIL 26 1999



Biotechnology
Europe's gene hunters take on the US
Page 12



Business education
Setting standards for corporate universities
Page 11



Manhattan transfer
Christie's spread its wings in New York
The Arts, Page 13

Norway's oil
Statoll soap opera raises questions
Page 20

WORLD NEWS

Argentina's central bank held Nazi gold, researchers claim

Researchers say they have found solid evidence that Nazi gold was deposited in the Argentine central bank. Such proof would bring Argentina closer to centre stage in the debate over reparations to Nazi Germany's victims. Page 16

Russia ready for key debt talks
Russian officials are due for critical talks with the International Monetary Fund in Washington this week to try to clinch a deal and stave off default on Russia's external debt. Europe, Page 3

Vatican talks for Sharon
Israeli foreign minister Ariel Sharon is to meet Vatican officials and Pope John Paul II in an effort to settle a Muslim-Christian dispute in the Israeli Arab town of Nazareth. Europe, Page 3

India moves closer to elections
India appears ready to heading for early elections after efforts by opposition groups to force a new government fell apart. The president is widely expected to dissolve parliament, elected only last year. Asia, Page 6

London police hunt bombers
London's police are under pressure to catch the people who planted two nail-bombs that have injured almost 50 people in the UK capital over the past two weekends. The bombings are assumed to be by racist groups. UK, Page 7

Clinton to seek tougher gun laws
President Bill Clinton said he would renew attempts to get Congress to pass stricter gun laws following last week's killings at Littleton, Colorado, America's worst act of school violence. Americas, Page 5

Ontario set to sue tobacco groups
Ontario, Canada's largest province, is preparing to sue US tobacco companies for as much as US\$40bn to try to recover the costs of treating smoking-related illness. Americas, Page 5

Tensions rise in South Korea
Workers and riot police clashed in central Seoul as tension heightened between strikers and the South Korean government. Trade unions, protesting against layoffs, have threatened nationwide stoppages and the government says it will have union leaders arrested. Asia, Page 6

Indonesia violence continues
Violence continued in the remote Indonesian spice island of Tual, where up to 150 people are believed to have been killed in recent fighting between Christians and Muslims.

'Corrosive' Asian corruption
The Asian Development Bank said corruption was having a corrosive effect on some developing countries. It had lost developing Asian countries foreign investment, increased their capital costs and impeded the development of a strong private sector, the ADB said. Asia, Page 6; Investment flow to fall, Page 4

Venezuelans cast referendum votes
Venezuelans voted in a referendum with polls predicting a victory for the "yes" verdict in favour of a constitutional assembly charged with rewriting the 1961 constitution over six months. Americas, Page 5

Japanese fear for jobs
Eight out of every 10 Japanese worry about losing their jobs or about pay cuts, the Asahi Shimbun newspaper reported.

BUSINESS NEWS

Italy to press for concessions in telecoms merger

The Italian government is to press Germany to give more ground over the planned merger between Deutsche Telekom and Telecom Italia amid fears in Rome that the deal amounts to a takeover by the German side. Page 17; Lex, Page 16; Making connections, Page 15

AT&T of the US and British Telecoms
Telecommunications said they were taking a 30 per cent stake in Japan Telecom at a cost of about £1.2bn (\$1.9bn). Page 24

First quarter earnings by US companies
US companies have beaten estimates by an average of 4.5 per cent, about 2 percentage points more than usual, according to analysts First Call. Page 17

South Korea appears ready to abandon the sale of troubled Korea First Bank
to US investment firm Newbridge Capital. Page 17

Compaq Computer, the world's largest personal computer manufacturer, lost market share, a report says. Page 19

ABB, Swedish freight forwarding and distribution company, is expected to be the object of a SKr3.5bn (\$418m) takeover bid following consolidation sweeping the European industry. Page 17

Argentine utilities are concerned about the level of regulatory risk they face following the imposition of a \$75m fine on Argentine electricity distribution company Edesur. Page 20

Alberta Stock Exchange and its Vancouver counterpart, Canada's two largest junior exchanges, are to merge. Page 21

Calpers, leading US shareholder activist, cemented its relationship with UK counterpart Hermes by investing \$200m in one of its funds. Page 19

Sanabo, Swedish healthcare and medical technology company, reported its first upturn in operating margins since embarking on a SKr1.1bn (\$132m) restructuring. Page 19

International Business Machines, US computer group, is planning to team up with Siemens of Germany to revamp its memory chip factory near Paris. Page 20

MTV, music television group, will today disclose details of a management reorganisation. Page 20

Infidial faced further upheaval after angry shareholders filed a lawsuit against the troubled satellite phone group. Page 19

The European Central Bank launched an offensive against critics of the euro, saying the currency's weakness against the dollar did not put its long-term stability in doubt. Page 16; Currencies, Page 24

Deloitte & Touche, professional services firm, saw a revival in the growth rate of its UK revenues to 30 per cent in the year to April. Page 18

High-technology investment in the UK by overseas companies is booming, the government's main inward investment agency said. Page 7

Stoczna Gdynia, Polish shipbuilder, may bid for all or part of the shipbuilding activities of troubled Anglo Norwegian engineering and construction group Kvaerner. Page 21

More troops to go to Balkans

UK and Germany add to ground force as Macedonia gives Nato access

By Stephen Fidler, David Booth and George Parker in Washington

Britain and Germany said yesterday they would send more troops to the Balkans after the Macedonian government gave permission at the weekend for them to enter the country. But Nato leaders meeting in Washington insisted that the air campaign against Yugoslavia would intensify.

British officials said an extra battle group would be sent as part of a deployment previously announced for the proposed international security force in Kosovo. The reinforcements would bring UK troop strength there to 6,500.

But they said it was also likely that a further group of some 2,000 troops would be sent, along with

a further squadron of eight Harrier aircraft. That would bring the British ground contingent to around half the 16,000-strong Nato force, officials said.

The developments came at the end of a three-day Nato summit, when Nato leaders met their counterparts in the seven states neighbouring Yugoslavia.

Jamie Shea, Nato spokesman, said Nato had given security assurances to the frontline states.

"We have said their security is a direct and material interest of the alliance. We will not tolerate threats against them or attacks on them by Belgrade."

He said two of the seven countries, Romania and Slovenia, had granted Nato access to their air space, while a parliamentary vote was expected tomorrow in Bulgaria on the same issue.

Hungary - one of three former Warsaw Pact countries that joined Nato this year - also said on Saturday it would allow Nato aircraft to use its three air bases. This is expected to be needed to base reinforcements for 300 aircraft which the US has previously announced it would send.

Nato's military command is now drafting details of a naval blockade ordered on Friday by allied leaders. But many Nato ministers said the scope of the measure, including whether it would affect Russian and other non-Nato shipping, was still under negotiation. Russia has said it would ignore any ban.

President Jacques Chirac of France said arresting oil tankers on the high seas could be interpreted as "an act of war".

The US and France sparred

over whether in future Nato should act with the approval of the United Nations, but found compromise language that each hailed as a victory.

Nato air strikes yesterday hit Serbian state television, knocking it off the air for the second time in three days. However, the station resumed broadcasting in the afternoon.

On the 33rd night of bombing, Yugoslavia's third-largest city Nis was the only urban area hit. Tanjug, the Yugoslav state news agency, said Nato had attacked industrial targets in Nis for the seventh time. It said four missiles had inflicted heavy damage on the north-east, but there were no immediate reports of casualties.

Norway crisis, Pages 2-3
Editorial Comment, Page 15

C&W looks set to sell undersea cable arm

Global Crossing to sell undersea cable network

By William Lewis in New York and Alan Cane in London

Cable & Wireless, the UK-based group that pioneered telecommunications cables under the sea, is likely to announce today that it is selling its submarine cable-laying operations to Global Crossing of the US in a deal reflecting the rapid transformation of the telecoms industry.

Global Crossing, a fast-growing operator that has developed its own undersea cable network, will pay £550m (\$865m), including assumed debt, for C&W's Global Marine division, the world's leading provider of installation, maintenance and support services for the submarine cable business.

Both companies declined to comment yesterday. But people involved in the negotiations said yesterday the deal was on course to be announced today.

The sale of Global Marine is the latest in a number of strategic moves made or being planned by Graham Wallace, appointed chief executive of C&W in February. He wants the company to quit businesses where it has neither influence nor control.

Mr Wallace is also negotiating to dispose of Cable and Wireless Communications, its UK cable television and telephony subsidiary, to Telewest, another cable operator.

Last year Global Marine made operational profits of about £20m on a turnover of £170m compared with C&W's group pretax profits of £2.1bn on turnover of £3.3bn.

Estimates suggest that network carriers plan to spend more than \$30bn on undersea fibre cables over the next three years.

Following the acquisition of Global Marine, Global Crossing, which earlier this year announced an \$11.5bn merger with the US local and long distance company Frontier, will be able to avoid paying third parties up to \$100m annually to install and maintain its undersea network.

In addition to handling Global Crossing's needs, Global Marine will continue to service other telecommunications groups. Global Marine is likely to operate as a stand-alone division of Global Crossing and no redundancies are expected.

Marketing connections, Page 15
Comment, Page 18

Cult's thousands voice Beijing protest

By James Kyjag and James Harding in Beijing

More than 10,000 devotees of a mystic cult besieged the seat of China's government yesterday in Beijing's biggest protest since the pro-democracy crackdown in Tiananmen Square a decade ago. The demonstrators virtually surrounded Zhongnanhai, the walled compound where China's leaders work, causing acute embarrassment to the security forces charged with keeping order during a year of rising unemployment and social discontent.

Several police orders to disperse were defied as the followers of a cult called Fa Lun Gong, which claims 100m members and sees human corruption in everything from homosexuality to rock and roll and drugs, sat quietly in rows on pavements around the compound. Some meditated and others read little blue books containing the ideas of the cult's leader, Li Hongzhi, a Chinese who lives in Houston, Texas.

By midnight, however, the cult members had made an orderly departure, apparently after government officials had agreed to negotiate today on their demand for recognition. Authorities provided hundreds of buses to take protesters back to their towns and villages in provinces around the capital.

China fears that a nationwide proliferation of cults, folk religions and secret societies is erod-



Fa Lun Gong practitioners of the Falun meditation system in a sit-down protest in Beijing yesterday. AP

ing the influence of the ruling Communist party. It has refused to recognise any such organisation and in January Jiang Zemin, the president, exhorted authorities to block the establishment of all illegal groups. The unofficial China Democracy party was shut down and its leaders sentenced to hefty jail terms late last year.

"If China was to recognise Fa

Lun Gong, it could open the floodgates to a host of similar demands," said one foreign diplomat in Beijing. "This demonstration was one of the leadership's nightmares come true."

China's leaders are preparing to celebrate the 50th anniversary of the People's Republic on October 1. Security forces are expected to be mobilised for the 10th

anniversary of the Tiananmen floodgates to a host of similar demands," said one foreign diplomat in Beijing. "This demonstration was one of the leadership's nightmares come true."

China's leaders are preparing to celebrate the 50th anniversary of the People's Republic on October 1. Security forces are expected to be mobilised for the 10th

anniversary of the Tiananmen floodgates to a host of similar demands," said one foreign diplomat in Beijing. "This demonstration was one of the leadership's nightmares come true."

China's leaders are preparing to celebrate the 50th anniversary of the People's Republic on October 1. Security forces are expected to be mobilised for the 10th

Camdessus says crisis 'seems to be over' for emerging economies

By Gerard Baker and Robert Chote in Washington

The general tone of today's meeting seems likely to be a combination of modest satisfaction that the world has regained a measure of stability, and a strong desire to press ahead quickly with reforms to the global financial system to prevent a repeat of the events of the past year.

The meeting is likely to be notable for the absence of many of the pointed disputes among the G7 about domestic policies. Japan, often the object of fierce criticism by the US for its failure to do more to stimulate its economy, has met most of those objections in the last six months with radical financial reform, a fiscal stimulus and interest rate cuts.

The heat has also been taken out of similar criticism of the European economies since the European Central Bank cut interest rates by an unexpectedly deep half-percentage-point last month.

If the financial crisis is genuinely over, there may be some concern about the appropriateness of monetary policy in some countries, notably the US. Last autumn, the G7 officials said the balance of risks in the global economy had shifted away from inflation towards a global slowdown. Immediately afterwards, the US cut interest rates by three quarters of a percentage point.

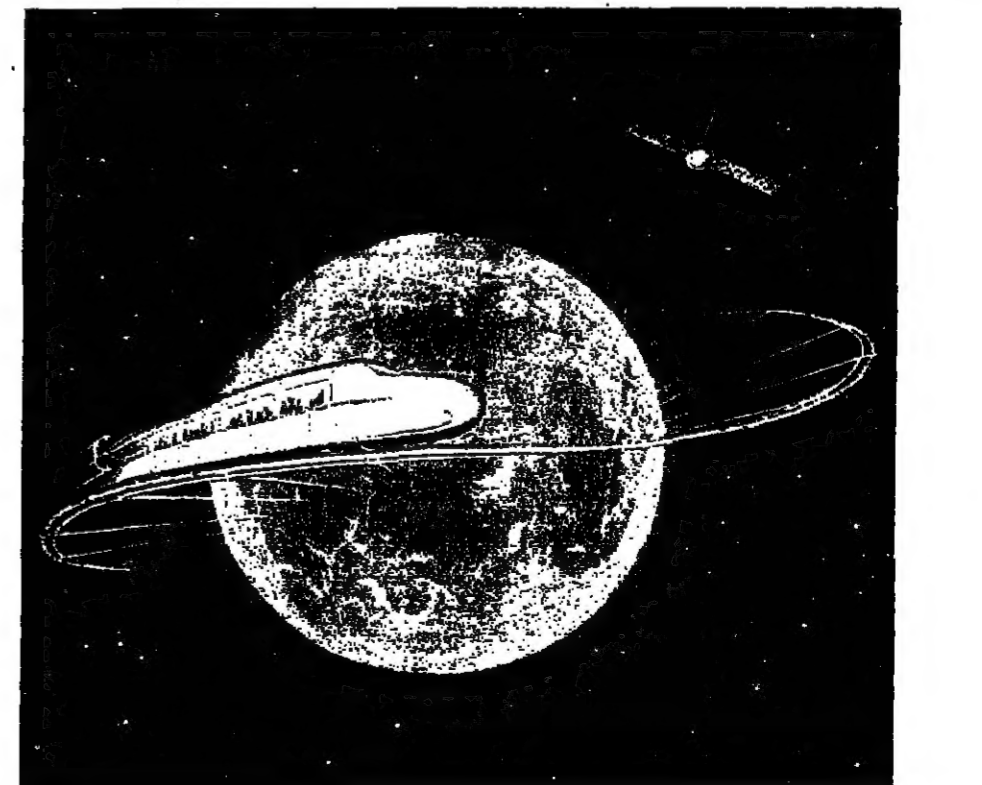
"This is the first time for several meetings that things clearly look better than they did three months ago," said a G7 official.

Editorial Comment, Page 15

The financial crisis that hit most of the world's emerging market economies and prompted the leading industrial countries into emergency interest rate cuts over the past year "seems to be over", Michel Camdessus, the managing director of the International Monetary Fund, said yesterday.

The painful social consequences of the crisis in many countries would take a while to be resolved, Mr Camdessus cautioned. But his remarks before this week's IMF spring meetings reflected a growing optimism among international economic policymakers that the worst of the turmoil is now behind them.

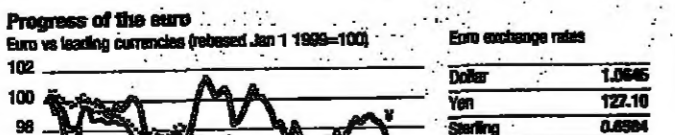
"That cautious optimism is expected to be echoed by finance ministers and central bank governors of the Group of Seven leading industrialised countries when they meet in Washington today. Officials said the G7 policymakers would continue to urge countries to pursue policies aimed at sustainable growth, but they acknowledged that the economic backdrop to the meeting was better than it had been at any time in the past year."



Global banking made by WestLB.

The world is shrinking, whereas your scope is growing. WestLB, one of Europe's leading wholesale banks, has the worldwide network to match all your plans. We have both the experience and the potential to achieve exceptional goals with you. So no matter how high you set your goals, you can rely on us to get you there. To get in touch just call our automatic fax service on (+49) 211 5 37 95 22 or visit our Web site: <http://www.westlb.com>

WestLB



Euro exchange rates

Dollar	1.0646
Yen	122.10
Sterling	0.6984
Swedish krona	8.9325
Danish krona	7.4629
Greek drachma	336.13
Swiss franc	1.9320

The main ground level against the dollar and sterling last week as the Reserve conference failed to secure a market option, it moved largely unchanged against the yen

Euro markets, Page 25

© THE FINANCIAL TIMES LIMITED 1999 No.33,891

London	£1.50	100.00
Chicago	US\$1.25	100.00
Hong Kong	HK\$12.50	100.00
Japan	¥110.00	100.00
Singapore	S\$1.20	100.00
Tokyo	¥110.00	100.00
Frankfurt	DM1.50	100.00
Madrid	PT20.00	100.00
Moscow	RUB1.50	100.00
Paris	FF1.50	100.00
Stockholm	SEK1.50	100.00
Zurich	Sfr1.50	100.00

CONTENTS

World News: America	5	Comment & Analysis: 14,15
Europe 2,3, Asia Pacific	6, UK 7	Companies & Finance: 17-21
Management/Technology	9-12	Markets: 26,27,31-3

Full contents and Loc back page

WORLD NEWS

EUROPE

KOSOVO CRISIS NATO MAPS BOLD PLAN TO DEAL WITH FUTURE CONFLICTS ■ STRATEGY LAUNCHED TO REBUILD REGION ■ TEMPORARY SECURITY GUARANTEES OFFERED TO FRONTLINE STATES

Nato's ambitious strategy for peace

By David Buchan in Washington

Nato yesterday mapped out bold ambitions for the 21st century, as if the military alliance were totally at peace and not fighting in Yugoslavia for its credibility.

Its new strategic concept document is far more ambitious than the 1991 doctrine it replaces. It speaks of preserving peace and reinforcing security and stability "throughout the Euro-Atlantic region", made up of the 19 alliance members and the 23 countries with whom it has partnership arrangements.

Inevitably, the outcome of the Kosovo conflict will show whether the new strategic concept's call for an "overall capability to manage crises successfully" amounts to anything. It will also determine whether Nato's "open door" policy to enlargement, stressed in yesterday's communiqué, would mean anything if defeat in Kosovo reduced new members' interest in joining.

There could also be unpredictable effects on the enthusiasm of Nato's European members for carving out more of a role for themselves within the alliance. With this important caveat, the summit took a number of important decisions.

First, Nato "stands ready, case by case and by consensus... to contribute to effective conflict prevention and to engage actively in crisis management, including crisis response operations". In other words, Nato is theoretically ready to embark on further Kosovos, but the language makes clear that Kosovo will not be taken as an automatic precedent for similar operations, and that even if it were interpreted as such by a majority of members, any one ally could block action.

The nearest Nato comes to defining how far outside its territory it might act is "the Euro-Atlantic region". While this would not make it a global policeman, it still gives it wide scope. Russia is a member of Nato's Euro Atlantic Partnership Council - though it refused to come to the Washington summit - and its territory extends to China and the Far East. But Nato involvement in crises even in the Caucasus, let alone central Asia, would never resemble its current campaign in the Balkans.

The geographical vagueness about Nato's sphere of interest led Jacques Chirac, the French president, to redouble his efforts to ensure that Nato get Security Council authorisation for its operations outside alliance territory.

Mr Chirac claimed he won "a true victory for French diplomacy" in getting references in the communiqué

and the strategic concept committing Nato to the UN Charter and to the Security Council. But a UK official called this "a blatant and characteristic fudge between the US and France", which he claimed "could hardly be read as a rock-solid commitment to consulting the Security Council".

Second, the European Union members now have the green light from Nato to develop their European Security and Defence Identity (ESDI) within the alliance, provided the interests of non-EU European members of Nato are safeguarded.

The EU is to set out its military ambitions at its summit in June and Nato said it "acknowledges the resolve of the European Union to... take decisions and approve military action where the alliance as a whole is not engaged".

But Turkey made a big fuss to ensure that its particular worries that the increasing EU role in defence might shut it out of European military co-operation were taken seriously. Chancellor Gerhard Schröder of Germany described as "totally unjustified" Turkey's fears that it and other non-EU allies of Nato would be sidelined by the EU.

Nonetheless, Nato ended up saying it "attached the utmost importance... to the

fullest possible involvement of non-EU European allies in EU led-crisis operations", and finally the Turks removed their block on the summit communiqué and strategic concept.

"The Turks realised that if they block EU states inside Nato, then those states might go somewhere else to realise their ambitions where Turkey has no influence," said a Nato official. Finally, the summit finessed the issue of further enlargement by giving a favourable mention to all nine candidates - Romania, Slovenia, Estonia, Latvia, Lithuania, Bulgaria, Slovakia, Albania and Macedonia - and approving a membership action plan to lay out the road they must take to Nato's door.

All but the last country took this treatment in good part - but Macedonia made clear that it is not content with temporary guarantees for the duration of the Kosovo crisis, and that if it is to host more Nato troops, it wants some permanent association with Nato, now.

This last stance reflects moves within the Macedonian government to resolve some of the tensions brought on by the huge influx of Kosovo refugees. There had been arguments within the three-party governing coalition over how far to align the country with the west against Serbia. That issue appears to have been resolved in favour of the pro-western, anti-Serb elements.

Additional reporting by Robert Wright in Skopje.



A US member of the Nato-led force in Bosnia yesterday

Alliance promises to protect Balkan region

By David Buchan in Washington

Nato yesterday pledged to protect the frontline states around Kosovo against any Yugoslav aggression, and launched a wider strategy to rebuild the Balkans.

"We must make the Kosovo conflict into a turning point for south-east Europe," said Jamie Shea, the Nato spokesman. "This area has to stop being the bleeding wound of Europe, the source of instability."

Looking beyond the war, Nato said it planned to upgrade its security relations with Balkan countries, principally through its partnership for peace programmes, while European Union members of Nato said the EU would similarly help Balkan countries with aid and trade preferences.

Gerhard Schröder, German chancellor, said: "Europeans know the main burden will be on us. It will be expensive, but war is even more expensive." Over the past four years, the EU had already earmarked \$1bn (£1.07bn) for the Balkans.

But Nato appears willing to offer only temporary security guarantees to the frontline states for the duration of the Kosovo conflict, despite demands by Macedonia at the summit for a fast-track association with the Atlantic alliance.

According to a Nato official, Macedonia is suggesting it might not host any more Nato troops or let its territory be used as a launching pad for any Kosovo invasion, unless Nato makes it an associate member. Likewise, the EU is resisting Albania's request for early membership of the Union, though it is ready to accelerate negotiations on an association agreement with Tirana.

US President Bill Clinton suggested south-east Europe needed regional co-operation as well as outside aid. The US and Europe "should do more to draw these countries closer to each other, and relate them to all the institutions of Europe, the US and Canada". He said the overall need was to "create an alternative, positive future" for the people of the Balkans in order to offset the ethnic hatred polling them apart.

The Washington summit stressed the need for all international organisations - chiefly Nato, the EU and the Organisation for Security and Co-operation in Europe (OSCE) - to play their part in reconstructing democracy and prosperity in the Balkans. UK officials said such co-ordination was in line with a proposal that Britain had already sent its

EU partners. This suggested that the EU should upgrade existing trade accords and should tailor association agreements and eventual membership to individual countries' needs and abilities.

Nato should focus on extending its partnership for peace programmes, stressing to those wanting alliance membership that their "contribution to regional security" would count in assessing their candidacies.

For its part, the OSCE should focus on democracy and human rights improvements. These issues will also be discussed in the Balkan Stability Pact conference called by Germany next month. This German idea appears to be modelled partly on an earlier EU stability pact proposal that persuaded, for instance, Hungary to settle its differences over Hungarian minorities in neighbouring Slovakia and Romania, before joining the EU.

Slovenia, a former part of the old Yugoslavia and now a leading candidate for Nato membership, backed the extension of Nato membership into south-east Europe. Janez Drovosek, prime minister, said over the weekend: "It is now very clear that Nato needs additional members in the region."

Blair the Hawk ruffles feathers in Nato's nest

By George Parker in Washington

Tony Blair, British prime minister, flew back from Washington last night after a high profile five-day US visit which saw him established as Nato's most hawkish leader but which ruffled the feathers of some other EU leaders.

Such was Mr Blair's visibility - he appeared on network shows such as CNN's Larry King Live and NBC's Today programme - that the White House was forced to deny suggestions that Bill Clinton felt he was being upstaged.

Instead, Washington expressed some relief that Mr Blair had helped to make the case for intervention in Kosovo, and assure the American public the US was not alone in the war against Yugoslavia.

Yesterday Britain made clear it was prepared to send extra forces to the region, which are expected to include around 2,000 more troops to bring the UK contingent to more than 8,000. An additional Royal Naval frigate will be despatched and it is thought likely an additional squadron of eight RAF Harriers will also be made available.

After Mr Blair's visit to Capitol Hill last Thursday, Republican Senator Jesse

Helm was moved to call him "the most eloquent leader in the western world".

The UK government's aggressive and often outspoken stance has occasionally rankled with more dovish EU leaders, and at times it seemed Britain was leaving itself isolated.

Mr Blair set alarm bells ringing when it said Nato's objective was to get President Slobodan Milosevic to "step down" - comments which were latter interpreted by UK officials as meaning he should "back down".

The prime minister's talk of a Marshall Plan to rebuild the Balkans - with its implication of a vast injection of international aid - even worried colleagues at the UK Foreign Office. "We have never used that phrase," an FO spokesman said.

Throughout the visit Mr Blair seemed to revel in a hardline stance reminiscent of Baroness Thatcher's appearances at international summits. British government enthusiasm for bombing a Serb TV station was not universally shared. Lamberto Dini, Italian foreign minister, called it a "terrible event".

The UK also lobbied hard for a blockade against Yugoslavia, a policy which caused President Jacques Chirac of France to ponder its legality.

A group of 161 Kosovo Albanian refugees, the first to be taken in by Britain, landed at Leeds-Bradford Airport yesterday looking bewildered and tired. Reuters reports.

The refugees, including 70 children, were scheduled for medical check-ups and then taken to refugee centres in and around Leeds.



Not all the Silicon Valleys are growing out west. This one, in fact, isn't even west of Pittsburgh.

Kingdom Computers, based in a tiny valley in north central Pennsylvania, is one of the fastest growing start-ups in the U.S. Why? Because Kingdom Computers builds award-winning PCs and provides incredible service. And because of a great high-tech business partner - Pennsylvania. "Dealing with the Ridge Administration is like dealing with family," says 28 year-old Mike Ulmer, Kingdom Computers' president. Kingdom took advantage of Pennsylvania seed financing and business contacts and reaped the benefits. Now one of the top 50 PC

companies in the US, Kingdom's rapid annual growth rate is projected to be 800% over the next three years. And thanks to business incentives like a 10% R&D tax credit and Tech 21, the Governor's initiative for a high-tech Pennsylvania, other emerging-tech companies are taking root here as well. No wonder Pennsylvania is a top ten state in high-technology firms. So join the rush and move your high-tech business here. With all the valleys in Pennsylvania, you could have one all your own. For more information call 1-800-554-PENN.



PENNSYLVANIA
Getting it done

TOM RIDGE, GOVERNOR • SAM McCULLOUGH, SECRETARY DCED • WWW.STATE.PA.US • 1-800-554-PENN

GLOBAL TENDER NOTICE FOR DRY LEASE-IN OF FOUR A320 AIRCRAFT

Offers are invited by Indian Airlines Ltd. from established leading leasing companies/owners/operators for dry lease-in of Four (4) A320 Aircraft for a period of Three (3) years effective October 1999.

Specifications : A320 Aircraft with TCAS/ACAS, preferably with V2500 engines and ETOPS for 90 minutes or more.

All aircraft should have two class configuration and comply with all DGCA (India) mandatory modifications.

Interested parties may obtain tender documents including technical specifications etc. from the office of :

General Manager (Stores & Purchases)

Indian Airlines Ltd.

Safdarjung Airport

New Delhi-110 003 (INDIA)

Tel: 0091-11-4693776

SITA : DELJZIC

E-Mail : tsc.lal@gems.vsnl.net.in

Interested tenderers are requested to advise their E-Mail address so that the tender documents can be transmitted to them soon. Fax No., Telephone No., Contact person's name and postal address may also be advised. Last date for submission of offers is 14th May 1999 at 1530 hrs (IST).

इंडियन एयरलाइन्स
Indian Airlines

KOSOVO CRISIS OFFICIALS SAY AIR CAMPAIGN WILL INTENSIFY ■ MONITORS FEAR MILOSEVIC WILL EXPEL ANOTHER FLOOD OF REFUGEES

Consensus on ground troops still elusive

By Stephen Fidler and David Buchan in Washington

Nato's 50th anniversary summit closed yesterday with little sign that the alliance's political leaders were willing to advance plans for a ground invasion of Yugoslavia.

Macedonia and Albania. But officials insisted the central message from the summit was that the air campaign would intensify.

Washington to accept that thinking about and planning a ground invasion did not imply the air campaign had been a failure.

sibility that an international security force could go in to Kosovo without Mr Milosevic's approval. However, the possibility of US involvement in such a force, if that was the case, was explicitly ruled out by Mr Berger.

And that is pretty straightforward. The German government has also expressed its strong dislike of the prospect of a ground invasion.

experienced in the Balkans during the second world war have also played a part in swaying opinions.

Fresh wave of refugee expulsions feared

By Kevin Done in Kukes, north-east Albania

Concern is growing among international relief agencies that Slobodan Milosevic, Yugoslav president, will soon expel a fresh wave of up to 100,000 refugees.

ber that could be 50,000-100,000 people, according to the United Nations High Commissioner for Refugees.

from Kukes down south. That is better for climatic reasons and security and it opens up more space.



Ethnic Albanians scramble for food on a street corner yesterday in Kukes in northern Albania Reuters

There was an eerie calm at the crossing, the main entry point from Kosovo. Only about 100 refugees crossed on Saturday and less than 20 by late afternoon yesterday.

Embarrassed by the failure to prepare for the huge initial wave of refugees that began to arrive in Albania, Macedonia and Montenegro at the end of March, the international relief agencies and Nato have begun to co-operate much more closely.

The refugees are also angered by the treatment they are receiving from some Albanian police and the sometimes chaotic food distribution. Most of the estimated 100,000 refugees in and around Kukes are living outside two large Italian-built tented camps, with families or still in makeshift homes on their tractors and trailers.

would even go anywhere in Africa rather than stay here," said Jonus Hajdari, a 56-year-old refugee.

not afford to keep them here." The UNHCR estimates that at one time as many as 190,000 refugees have been in the Kukes area, with a total of 350,000 crossing directly into northern Albania since late March.

who has been sent to Albania to try to bring some order to the relief effort.

WISH UPON A STAR

OR MAKE A DREAM COME TRUE?

PROFITS & PRINCIPLES.

Ignoring alternative energy is no alternative. Keeping pace with the world's accelerating demand for energy and supplying power to remote areas require Shell to pursue renewable resources like solar, biomass and wind energy.

We established Shell International Renewables with a US\$500 million commitment to develop these new opportunities commercially. One of our goals is to make solar energy cheaper, more efficient and more accessible, both for businesses and homes. It's part of our commitment to sustainable development, balancing economic progress with environmental care and social responsibility.

So with real goals and investment, energy from the sun can be more than just a daydream.

WE WELCOME YOUR ENQUIRY CONTACT US ON THE INTERNET AT WWW.SHELL.COM/RENEW OR EMAIL US AT ITRE@SHELL.COM OR WRITE TO US AT THE PROFITS & PRINCIPLES SERVICE, SHELL INTERNATIONAL LTD, SHELL CENTRE, LONDON SE1 1NA, UK.

NEWS DIGEST

BID TO STAVE OFF DEBT DEFAULT

Russia hopes talks will clinch IMF agreement

Russian finance officials will hold critical talks in Washington this week to try to clinch an agreement with the International Monetary Fund and stave off a mass default on the country's external debt.

BANK PRIVATISATION

Slovak central bank protests

The Slovak central bank has called an extraordinary shareholders meeting of Ceskoslovenska Obchodni Banka (CSOB) in protest at the Czech authorities' refusal to let it take part in the jointly-owned bank's privatisation.

RELIGIOUS TENSIONS

Talks on Nazareth dispute

Talks take place today at the Vatican between church officials, Pope John Paul and Ariel Sharon, Israel's foreign minister, in an effort to settle a Moslem-Christian dispute in the Israeli Arab town of Nazareth, which is threatening to destroy preparations for millennial celebrations.

alliance promises protect Balkan

Blair the Hawk bathers in Nato

GLOBAL TENDER NOTICE
LEASE IN OF P.O. 4320 40

INTERNATIONAL

G7 differs on private sector's role

By Robert Chote, Economics Editor, in Washington

Involving the private sector in the resolution of financial crises is a shared objective among the Group of Seven leading industrial nations. But, as today's meeting of finance ministers and central bankers is likely to demonstrate, they cannot agree how best to achieve it.

The difference is one of broad approach, as speeches by the US and UK finance ministers made clear last week. Gordon Brown, UK Chancellor of the Exchequer

(finance minister), wants to lay down explicit rules for private sector involvement in advance. But Robert Rubin, US Treasury secretary, favours a more "case-by-case" approach.

Mr Brown's preference for rules over discretion mirrors his attitude to other aspects of economic policy. At home he has laid down clear rules for fiscal and monetary policy. And in the international arena, he has pioneered the development of global standards and codes of conduct.

"I will propose the international community agrees to

draw up explicit rules of the game set out in advance for involving private and public sectors in crisis resolution," Mr Brown said last week.

Ministers from other European countries agree taxpayers' money should not be used to bail out imprudent private sector investors. But Mr Brown wants to state explicitly that the International Monetary Fund's crisis response programmes must be fully financed.

"Before agreeing to the use of its resources in a crisis, the Fund would wish to be certain of appropriate pri-

vate sector contribution, through rollovers and extension of new credit."

The chancellor added that there were a number of ways in which the "rules of the game" could be established. The IMF might require a country seeking help to get firm commitments from the private sector or demand it impose capital controls. Most radically, the Fund could be given legal authority to protect a country from creditors, thereby affecting payments standstill.

The US Treasury thinks this desire for explicit rules

is naive, given the need simultaneously to "bail in" the private sector without choking off capital. "Striking the right balance between these considerations will always be difficult and must proceed on a case-by-case basis," Mr Rubin said.

Rejecting Mr Brown's call for IMF help to be conditional on private sector rollovers, he argued: "When a country is implementing a strong programme of policy reform, the door to official finance should be kept open even if co-operative efforts to clear outstanding arrears



Robert Chote asks whether this is a club that any of those invited would wish to join

IMF's new 'contagion' credit line: would any country really use it?

Robert Chote asks whether this is a club that any of those invited would wish to join

The International Monetary Fund has spent the last six months devising a precautionary credit line facility to protect countries with sound economic policies from the backwash of financial crises elsewhere. The big question now is whether any country will be brave enough to use it.

Originally proposed by President Bill Clinton last year, the scheme was finally agreed by the IMF board last week. It will operate alongside the IMF's "supplemental reserve facility", launched in 1997 to provide big loans quickly to countries facing a catastrophic loss of market confidence.

When a crisis strikes in one country, investors may panic indiscriminately and withdraw their funds from others in a "contagion" process. The Fund hopes that investors will keep faith with a country that has secured a credit line because the offer of financial support implies a "seal of approval" for its policies.

But will investors really be reassured? The facility is not like a bank overdraft: there will be no predetermined sum the country can gain access to automatically, at a time of its own choosing.

Instead the IMF will decide if and how much money the country can withdraw. This will depend on the state of country's policies, the nature of the potential crisis and the health of the IMF's finances. With \$76bn in uncommitted resources and \$45bn available from borrowing accords, the board still fears Fund liquidity might be under strain if contagion was severe and several members tried to gain access to credit lines simultaneously.

This two-stage process is there to avoid moral hazard, in which a country with a credit line has less incentive to maintain sound policies while the Fund dars not withdraw it. But it could end up making a crisis more likely. By applying for a credit line, a country might unnerve investors by signalling it fears a speculative attack, without having guaranteed financial support.

Optimists point to Argentina, which has precautionary credit lines with both the private and official sectors. This appears to have reinforced investor confidence in the wake of the Brazilian crisis.

The Fund hopes danger of a perverse market reaction will also be allayed by tough policy conditions. Policy will be assessed under four criteria, with countries required to satisfy a "critical mass" of conditions under each.

Among the criteria, the country must be pursuing policies so sound they would not normally be expected to require Fund finance. It must also meet, or be making good progress towards, international codes of conduct on statistical, monetary, financial and fiscal policies. The country must also submit a good economic and financial policy programme, which it must be prepared to adjust if necessary. So, for example, a country might be made to change its exchange rate regime if it faced loss of competitiveness.

Finally, an applicant must have good relations with private creditors. This could be assessed in several ways, including absence of arrears, negotiation of private sector credit lines, sensible bond contracts and good management of debt and reserves. "We will be encouraging people to buy their own insurance," said one official.

This link was controversial. Germany and Canada,



among others, would have made negotiation of private sector credit lines compulsory for any country seeking a credit line from the Fund. But having lost this argument to the US, they insisted instead on illustrative limits on the money available.

A country will normally have access to between 300 per cent and 500 per cent of its recently increased "quota" or shareholding in the Fund. This is as much as Brazil and the Asian crisis countries secured in their rescue packages over the past two years. It implies access of up to \$17.5bn for Mexico, \$5.8bn for Chile and \$1.6bn for Argentina, to take three potential applicants.

To draw on the credit line, a country must demonstrate it is a victim of contagion: "circumstances largely beyond the control of the member, but stemming primarily from adverse developments in capital markets, and consequent upon developments in other countries".

Finance ministers and central bankers from the Group of Seven will hold the facility as a great step forward at their meeting today. But some officials still question whether the idea passes the "Groucho Marx" test: is this a club that anyone invited to join would wish to become a member of?

"That is the key question," one senior G7 official admits. "It depends on the signals from the private sector. Will it be seen as a positive endorsement or not?"

Investment flow into emerging markets to fall

By Robert Chote

Foreign direct investment in emerging market countries is likely to drop in 1999, having increased steadily in recent years despite a succession of financial crises, according to an international umbrella group for private sector financial institutions.

The Washington-based Institute for International Finance predicts that direct investment into emerging markets will drop from \$120.4bn in 1998 to \$103.3bn

this year. As recently as 1995 foreign direct investment inflows were barely \$90bn.

China and Brazil account for most of the fall.

Last year China received a third of foreign direct investment in emerging market economies at \$42bn, but a drop in regional investment is likely to see this fall to between \$30bn and \$35bn this year. Foreign direct investment in Brazil is expected to halve this year to \$15bn, despite continued flows of privatisation receipts.

There is better news elsewhere, however, with foreign direct investment forecast to rise tenfold this year to \$8bn in Korea, reflecting a more liberal foreign investment regime and sales of corporate assets.

But as foreign direct investment in most emerging markets declines, so portfolio equity investments are set to rebound from \$2.4bn in 1998 to \$21.5bn this year.

"Some of this recovery represents asset values having been sharply depressed

by the crises, which has created strong investment opportunities," said John Bond, chairman of the institute's directors and also of HSBC Holdings.

"Fundamentally, the sustained recovery of portfolio equity flows will depend on the ability of the emerging market economies to perform well."

Lending by non-bank creditors is projected to drop to \$28bn this year from \$60bn in 1998, as difficult conditions in the bond market limit issuance.

The outlook is clouded by a number of factors, including the Paris Club's insistence that Pakistan reschedule its international bonds.

With sizeable Romanian bonds likely to reach their due dates before International Monetary Fund lending resumes, and rescheduling possible in Russia even if an IMF programme is in place, the institute sees "a significant chance that the first conspicuous default on international bonds could occur this year". If so, there could be a big jump in the

risk premium on many emerging market bonds.

With the withdrawal of money by commercial banks expected to slow from \$20bn last year to \$11.8bn this year, the overall flow of private capital into emerging markets is expected to be roughly stable this year at \$149.5bn, well down from the peak of \$277.7bn recorded in 1998.

The institute expects private flows to strengthen into 2000, as long as the industrial countries remain strong.

TELEFÓNICA, S.A.

Share capital increase on account of distributable reserves

In compliance with Article 158 of the Stock Companies Act, it is made public that the Board of Directors of TELEFÓNICA, S.A. (hereinafter, "TELEFÓNICA" or the "Company") in its meeting dated February 24 and 25, 1999 under the authorisation granted in its favour by the Extraordinary General Shareholders' Meeting of the Company held on June 24, 1998, agreed to execute the second resolution, paragraph D, adopted by the said Meeting, increasing the Company's share capital by the amount of Euros 62,828,319 (Plus 10,453,752,685) through the issue of 20,907,509 new ordinary shares, which will be freely allocated to the Company's shareholders in the proportion of one (1) new share for every fifty (50) currently existing shares of the Company, with the following characteristics:

- 1. Face value of the new shares:** The face value of each new share will be Euros 3.005060.
 - 2. Form:** The new shares will be represented by book entries and will be ruled by the regulations of the Securities Market, being the Spanish Settlement and Clearance Service (hereinafter the "SCLV") the entity in charge of the accounting records.
 - 3. Issue price and Expenses:** The issue price is par value, that is to say, Euros 3.005060 per share. The issue will be completely paid-up out of distributable reserves. The allocation of the new shares is free of expenses and commissions for the shareholders described above. Notwithstanding, the participating entities may apply, in accordance with the current legislation in force, the commissions and expenses for the trading of the free allocation rights.
 - 4. Balance sheet on which the operation will be based:** In compliance with that provided for in article 157.2 of the Stock Companies Act, this operation will be based on the Balance sheet approved by the Ordinary General Shareholders' Meeting held on March 17, 1998, and referred to December 31, 1997, date which is within the six months prior to the capital increase resolution, since the above-mentioned resolution was adopted by the Extraordinary General Shareholders Meeting held on June 24, 1998. The said Balance sheet was duly verified by the Company's Accounts Auditor "Arthur Andersen y Cia. S. Com." on February 25, 1998.
 - 5. Free allocation rights:** TELEFÓNICA's shareholders who appear as such according to the countable registries of the SCLV or its member entities ("entidades adheridas") at 24:00 on the day of publication at the Official Companies Registry Gazette ("Boletín Oficial del Registro Mercantil" or "BORME") of this announcement (April 19, 1999), will enjoy the right of free allocation of the new shares in the proportion of one (1) new share for every fifty (50) held. The Dutch company Telefónica Europe, B.V., the sole holder of the Company's convertible bonds, is not entitled to the right of free allocation in this capital increase, which is restricted to shareholders only, although it will be entitled to an adjustment in the exchange ratio of bonds into shares.
- In order to maintain the ratio of one (1) new share for every fifty (50) old ones held, the Company's General Secretary has renounced eight (8) of the free allocation rights he is entitled to as a Telefónica shareholder.
- 6. Period for the allocation and transfer of the rights of free allocation in the Stock Exchange (hereinafter the "Period of Free Allocation"):** The rights of free allocation may be negotiated through the Spanish Automated Quotation System ("Sistema de Interconexión Bursátil"). The period for the negotiation of the rights of free allocation will begin on April 20, 1999 (the following working day after the day of the publication of this announcement) and will end, in any event, on May 20, 1999.
 - 7. Non allocated shares:** Once the Period of Free Allocation of the new shares has ended, the shares which are not allocated for reasons not attributable to TELEFÓNICA, will be kept in deposit at the disposal of such person who may evidence his/her rightful ownership. Once three years have elapsed from the end of the Period of Free Allocation, the shares which are still pending allocation may be sold according to that provided for in article 59 of the Stock Companies Act, on behalf and at the risk of the persons concerned. The proceeds of this sale, once the expenses of this sale and the above mentioned deposit are deducted, shall be deposited at the disposal of the persons concerned at the Bank of Spain ("Banco de España") or at the General Deposit Fund ("Caja general de Depósitos").
 - 8. Disbursement:** The disbursement will be made in its entirety from the disposable reserves (specifically it will be debited to the Appreciation Reserves account, for the Regularization of Balance Sheets for the Fiscal Year 1997, executed under the provisions of article 3 of the Law of December 31, 1945), and will take place when the Company's Board of Directors or its Standing Committee, once the Period of Free Allocation has ended, formally applies the reserves, in the amount of the increase, to share capital.
 - 9. Voting and economic rights:** The new shares will entitle the shareholders, from the date of their allocation, to the same rights as those of currently existing TELEFÓNICA shares. The new shares will be entitled to receive any dividends which could be paid from the date of their issue, including, the refore, any dividends which may be paid out of profits for the fiscal year 1998.
 - 10. Issue prospectus:** TELEFÓNICA has prepared a reduced informative prospectus, in accordance with the requirements established under the Spanish Securities Market Regulations, which has been verified and filed by the Spanish Securities and Exchange Commission ("Comisión Nacional del Mercado de Valores") on March 30, 1999, and is publicly available at TELEFÓNICA's registered office (Gran Vía 28, Madrid); the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia; and the Spanish Securities and Exchange Commission.
 - 11. Entities through which the allocation may be conducted:** The allocation of the new shares may be conducted through any entity member to the SCLV within the Period of Free Allocation. Banco de Negocios Argentaria, S.A. will act as agent entity.
 - 12. Listing on the Stock Exchange:** The Company will apply for the listing of the shares subject to this capital increase on the four Spanish Stock Exchanges and on the Automated Quotation System ("Sistema de Interconexión Bursátil"), as well as for listing on the Stock Exchanges of London, Paris, Frankfurt and New York, and their inclusion in the Stock Exchange Automated Quotation System (SEAQ International).

Madrid, April 16, 1999.

The Secretary of the Board of Directors

Telefonica

Irish workers 'most satisfied'

By Robert Taylor, Employment Editor

The Irish are the most satisfied workers in the western industrialised world followed by the Danes, the Dutch, the Belgians, the Austrians and the Swedes, according to an international survey* of 50,000 employees in 18 countries.

David Blanchflower at the US National Union of Economic Research and Professor Andrew Oswald at Warwick University say they have found that workers who are the most dissatisfied come from southern European countries such as Greece, Portugal, Italy and Spain although the French are more dissatisfied than any except the Greeks. British and German workers are halfway in the satisfaction league table.

But the main survey finding is that most workers are satisfied with their working lives, with less than one in 10 expressing any discontent. Only 3 per cent of workers in industrialised countries say they are "very dissatisfied" with their job or workplace.

"In the largest international job satisfaction study ever undertaken, our team was surprised to discover such high levels of reported well-being in workplaces across industrialised nations," said Professor

Oswald yesterday. "It does not fit the traditional view based on anecdotes that stress is overwhelming the modern worker."

The survey suggests a similar pattern of age and work satisfaction in 17 of the countries covered. Employees in their 20s have a fairly high positive view of work but this falls to a low point around the mid-30s and thereafter rises into a person's 60s. Having a trade union in the workplace does not appear to improve worker satisfaction, the survey says. On the contrary, it makes satisfaction lower. Unsurprisingly, it found job security has a positive effect on satisfaction levels as does being able to work independently, earning a high salary and being a supervisor.

Job satisfaction is higher in public sector employment but lower among black than white workers. Better educated workers are slightly less satisfied than those who are less well educated.

The US is the only country where job satisfaction levels have been recorded for more than 25 years. At the start of the 1970s 56 per cent of American workers said they were very satisfied at work; now the figure has fallen to 47 per cent.

* The paper is available from Andrew Oswald, Economics Department, University of Warwick CV4 7AL

JAN 10 1999

COLORADO SCHOOL MASSACRE CALLS TO CONTROL VIOLENT FILMS AND MAKE PARENTS RESPONSIBLE FOR CHILDREN'S ACTIONS

Clinton to try again for gun curbs

By Gerard Baker in Washington

As the bereaved began burying the victims of America's worst act of school violence, the national search for ways to prevent a repeat of the massacre at the Colorado town of Littleton got under way in earnest.

President Bill Clinton said he would renew his attempts to get Congress to pass stricter gun laws and approve money to help communities ravaged by violence.

Republicans and a few Democrats stepped up their attacks on the entertainment industry and purveyors of violent images on the internet.

And, as evidence mounted that the Littleton attack had been long in the planning, there were calls to force parents to take greater responsibility for the actions of their violent children.

Bill Owens, the governor of Colorado, said investigators had found "clear evidence" in the home of one of the two teenagers who killed 13 children before shooting themselves that the attack had been premeditated.

Tipper Gore, wife of Vice-President Al Gore, said parents should pay much greater attention to what their children do - especially the films they watch and video games they play. But she did not repeat her controversial demand of several years ago when she appeared to call for some form of stricter censorship of the entertainment industry.

Mr Clinton said in his weekly radio address he wanted to keep guns out of the hands of juveniles and would seek \$12m for emergency teams "to help communities respond when tragedy strikes".

Meanwhile, police in Texas reported yesterday they had found gunpowder, crude bombs and computer discs with bomb-making information in the homes of three 14-year-old boys accused of plotting an assault at their junior high school.

Elizabeth Witmer, Ontario's health minister, announced on Friday that the province had retained US counsel to pursue legal action under US racketeering statutes.

The case would be the first launched by a Canadian province through the US courts. British Columbia, Canada's third largest province, last year sued three Canadian tobacco companies, subsidiaries of Rothmans, Philip Morris and British American Tobacco, under legislation introduced specifically to allow the province to seek recovery of healthcare costs.

The province has also threatened to impose a hefty annual licensing fee on companies selling cigarettes in British Columbia.

But those actions are tied up in a constitutional challenge from the tobacco makers that may drag on for several years, and other provinces have been wary of following British Columbia's approach.

Ontario aims to sue US tobacco groups

By Edward Alden in Toronto

Ontario, Canada's largest province, is preparing to sue US tobacco companies for as much as US\$40bn in an effort to recover the costs of treating smoking-related illnesses.

Elizabeth Witmer, Ontario's health minister, announced on Friday that the province had retained US counsel to pursue legal action under US racketeering statutes.

The case would be the first launched by a Canadian province through the US courts. British Columbia, Canada's third largest province, last year sued three Canadian tobacco companies, subsidiaries of Rothmans, Philip Morris and British American Tobacco, under legislation introduced specifically to allow the province to seek recovery of healthcare costs.

The province has also threatened to impose a hefty annual licensing fee on companies selling cigarettes in British Columbia.

But those actions are tied up in a constitutional challenge from the tobacco makers that may drag on for several years, and other provinces have been wary of following British Columbia's approach.

The province has made it clear its real intention is to force the companies to negotiate an out-of-court settlement.

between the US cigarette makers and 46 US states. Canadian courts have been more reluctant than US courts to award large damages against companies guilty of wrongdoing.

If successful, Ontario would use the proceeds from the lawsuit to pay for health-care costs, anti-smoking initiatives, and programmes to assist local tobacco farmers to switch to alternative crops.

Ontario is Canada's largest tobacco-producing region, and the provincial agricultural minister has criticised the British Columbia initiative, saying it would hurt Ontario farmers and encourage smuggling.

The Ontario government estimates that health expenditure related to tobacco use costs provincial taxpayers about C\$1.1bn (US\$743m) each year.

But the Canadian tobacco industry argues that comparisons with the US are unreasonable as Canada levies much higher taxes on tobacco, additional revenue that more than compensates for the added healthcare costs.

Mexico to stick with tight spending reins

By Henry Tricks in Mexico City

José Angel Gurría, Mexico's finance minister, today starts a visit to New York and Washington to promote an economy that has confounded expectations so far this year.

But despite a triple dose of unexpected good news - a recovery in oil prices, a rebound in investor confidence, and buoyancy in the US market, where Mexico sells 80 per cent of its exports - Mr Gurría is almost grave when discussing what Mexico will do with the windfall in the run-up to presidential elections next year.

"We are very far from spending anything," he said in an interview. "In very bad times we've been tough on ourselves and it has worked well. We're going to stick to

that and we will continue to make assumptions that are very prudent."

Last week the economy gave fresh indications of health, when inflation for the first half of March and preliminary trade data for the same month were stronger than expected. The peso, which hit 10.64 to the dollar after the Brazilian devaluation in January, climbed to 9.31 on Friday, its strongest level in eight months.

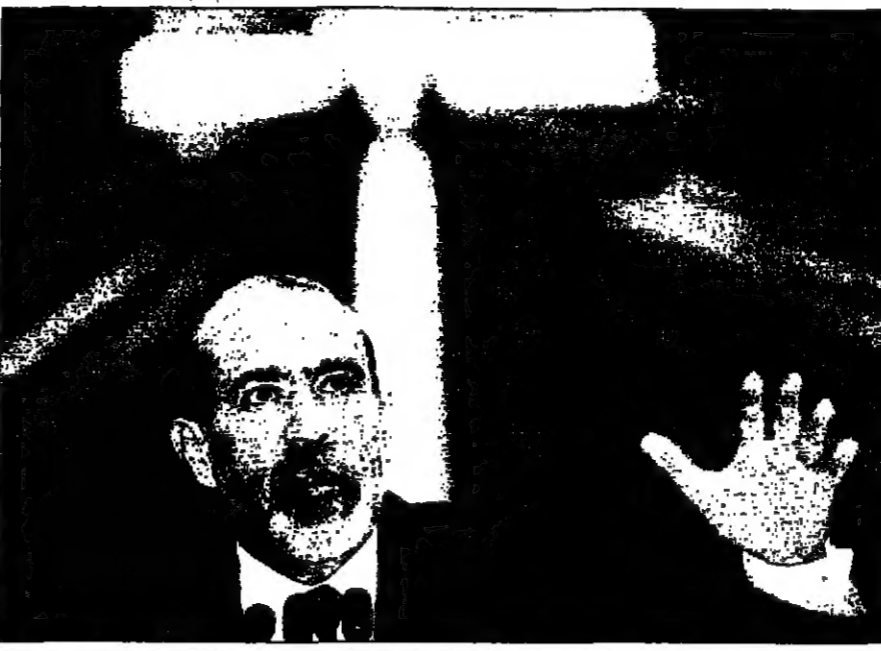
Exports to the US have bolstered industrial production, although domestic demand remains stagnant. Mr Gurría said he was comfortable with the government's 3 per cent growth target, though he indicated it would exceed an average 3.80 for the year because of production cuts.

The indicators are evidently satisfactory to the

minister, who believes there is growing confidence among investors that Mexico will overcome the curse that has plagued it for a quarter of a century: economic crisis at each six-year change of administration. But he says it is too early to consider relaxing fiscal policy, despite higher oil prices and falling interest rates.

Last week, prices of Mexican crude oil, which accounts for more than a third of public sector revenue, topped \$14 per barrel, up from a budgeted price of \$9.25 per barrel. But the minister noted that, in the first quarter, prices averaged less than \$9, and said they would have to exceed an average \$9.80 for the year because of production cuts.

Mr Gurría's conservatism is likely to go down well



José Angel Gurría: 'We will continue to make assumptions that are very prudent'

with investors, who fear an excess of pre-election spending. Gray Newman, an economist at Merrill Lynch, said: "My concern is that Mexico has demonstrated its ability to deal with the difficult

times. The verdict is out on its ability to deal with the good times."

Mr Gurría was also upbeat on Mexico's negotiations with the International Monetary Fund over the refinancing of part of \$9bn which falls due in 1999 and 2000.

Part was being refunded in international bond markets, and "I don't think we will draw anywhere close to \$9bn [from the IMF]".

Disabled to have defining moment in Supreme Court

Judges are about to grapple with the troubled relationship between disability and employment, writes Patti Waldmeir

The US Supreme Court will this week consider one of the most contentious of all issues at the interface between business and the law: the relationship between disability and employment.

The court will be faced with the challenge of translating the spirit of the Americans with Disabilities Act (ADA) - a pillar of 1990s-style civil rights law - into a more concrete definition of what constitutes a disability.

The issue in three related cases to be heard tomorrow and Wednesday goes to the heart of the ADA's mission of ensuring equality of opportunity for disabled people: should the law cover individuals whose conditions can be corrected or improved with medication? Should it protect the many millions with such correctable impairments as near-sightedness or hypermetropia, or just the few who are blind or need a wheelchair?

The answer could have big repercussions for employers, who say a broad definition of disabilities such as myopia would potentially expose them to discrimination claims from the whole class of Americans who wear glasses or contact lenses (150m), as well as from 50m hypermetropes.

Disability rights advocates counter that a restrictive definition would jeopardise the ADA's goal of ensuring employer prejudice does not keep the disabled out of jobs. The three cases turn on an absurdity: all four people involved (twin sisters who want to be global airline pilots, a mechanic and a truck driver) were judged too disabled to work by employers, but the courts ruled they were not disabled enough to sue for employment discrimination.

The sisters, who are virtu-

ally blind without glasses but see well with corrective lenses, are thus barred from working as pilots for United Airlines. The mechanic, whose high blood pressure is mostly well controlled with medication, is prevented from working for United Parcel Service on the grounds that he is a safety threat when road testing vehicles. And the trucker, who has driven rigs safely for 20 years, has been denied a job with a grocery store chain because of his "lazy eyes" disability.

All three companies can defend their decisions on safety grounds: in two of the cases the individuals even failed to meet federal safety regulations. But safety is not the legal issue; the only question before the court this week is whether the four qualify as disabled.

So far federal courts have applied a narrow definition of disability: a disabled person is one who cannot function, with or without medical "mitigation". They have rejected the vast majority of disability-based job discrimination claims.

According to Ruth Colker, Ohio State University law professor, employers prevail in 88 per cent of court rulings on such cases. Judges dismiss most suits out of hand before they go to juries, which are traditionally sympathetic to job discrimination claims.

That means most of the frivolous ADA cases which give the act such a bad name - the Texan with hepatitis who claims he is disabled because he cannot have sex without a condom, the Florida judge tossed off the bench after shoplifting who claims he was penalised because of mental disability - are already weeded out by

judges. But so, says Ms Colker, are many legitimate cases.

Plaintiffs most often fall at the first hurdle: proving they are disabled. The act defines disability as a "physical or mental impairment that substantially limits one or more major life activity" - like working, seeing, or even reproduction (as the court ruled last year). The definition also includes those "regarded" by employers as disabled; interpreting "regarded as" expansively might provide a way out of the situation where plaintiffs are considered too disabled to work but not disabled enough to sue.

Expanding the definition would make it easier for plaintiffs to cross the disability threshold. "There is no question that these cases, if the court rules in favour of the individuals, will dramatically increase the size of the class of persons protected by the ADA," says Stephen Bokor, attorney for the US Chamber of Commerce.

Many hurdles would still impede a successful ADA claim though: employees must be not just disabled, but qualified to do the job and able to do it without requiring unreasonable measures which would cause "undue hardship" to the employer, and must be able to prove they were discriminated against.

Employers contend that many cases are never considered on merit: they are so expensive to litigate that most are settled beforehand, even if they are baseless. Widening the threshold would further increase the cost to employers in terms of time and money.

But John Farry, head of the American Bar Association's commission on mental and physical disabilities, says even an expanded definition will not substantially shift the balance of power. The court may make cases easier to bring - but not much easier to win.

CONSTITUENT ASSEMBLY EARLY VOTER TURNOUT APPEARS LOW

Venezuela holds plebiscite

By Raymond Collin in Caracas

Venezuelans went to the polls yesterday in a plebiscite over a constituent assembly which would rewrite the country's constitution and reform the state by next year. Early voter turnout appeared low and numerous polling stations opened late.

Andrés Caleca, head of the electoral council, insisted that the voting process was running more smoothly than

during last year's congressional and presidential elections. The constituent assembly is the centrepiece of President Hugo Chávez's radical reform agenda. If approved, an assembly made up of 121 popularly elected representatives would convene for six months on July 5.

Mr Chávez, who came to power on February 2 following a landslide victory in December, has clashed with Congress and the Supreme

Court over his reform plans. He accuses the established political parties, which dominate most public offices, of corruption and mismanagement.

He has insisted on the assembly's right to dissolve Congress and the court despite a contrary ruling recently by the country's top tribunal.

The president had hoped for a high turnout to legitimise his controversial reform agenda.

Advertisement for HP Vectra VLE computer. Includes text: 'Circles of madness surround you, but you are perfectly calm. Control the chaos with the new HP Vectra PCs. The Vectra PC, running Windows NT Workstation as a Windows 2000 Ready PC, uses award-winning TopTools management software to track countless PCs instantly. Upgrade drivers and BIOS remotely. And troubleshoot problems before they occur, which keeps crises as well as costs, under control. Leaving you free to concentrate on everything else you have to do.' Features Intel Pentium II processor, 4 MB SDRAM, 4.3 MB HD, Matrox MGA-6100 4 MB VRAM/320H 10/100BT/Microsoft Windows NT Workstation. Product No. 5891A/E1.009. Includes Intel Inside Pentium II logo and HP logo.

Vertical text on the left margin: 'Irish workers most satisfied'.



Tension grows in Korea after threat to arrest union leaders

By John Burton in Seoul

Labour unrest is expected to increase in South Korea today after the government threatened to send in riot police to arrest trade union leaders.

Workers at Korea Telecom, the nation's main telephone operator, are expected to go on strike today, joining protests over job cuts staged by the unions of the Seoul underground system and Daewoo's shipbuilding division.

The bout of industrial action, which began a week ago with a strike by underground transport workers, has worried foreign investors, prompting some to sell shares on the Seoul bourse.

All the striking unions are members of the Korean Confederation of Trade Unions, the smaller but more militant of the nation's two trade union groups.

The labour dispute turned

violent at the weekend when riot police clashed with protesters outside Seoul's main Catholic cathedral and Seoul National University, where the union leaders are hiding. Several workers were injured, and one beaten unconscious.

Some 2,000 workers have set up a makeshift tent city in the cathedral grounds to seek refuge. "A police raid would be taken in full consideration of public sentiment. But it is the public's belief that a situation like this requires sternness," said a senior presidential adviser.

The KCTU warned that any attempt to arrest the union leaders would lead to strikes across the nation. The KCTU represents 550,000 workers, many of them in important export industries such as cars and shipbuilding.

The government yesterday said the strikes were undermining Korea's efforts at economic recovery following



Strikers clash with riot police yesterday outside the Catholic church in Seoul. The unions want an end to mass sackings resulting from corporate restructuring and are offering to cut hours instead. AP

last year's financial crisis. "The core demand of the trade unions is that the government stop its restructuring drive. But the government cannot delay it if we are to overcome the economic crisis."

It warned striking underground transport workers

they would be dismissed unless they returned to work today.

Officials say the strikes are illegal because workers failed to observe a mandatory 15-day mediation period. "The KCTU wants an end to mass sackings resulting from corporate restructuring

and is offering to cut hours instead.

Unemployment climbed to nearly 9 per cent earlier this year before falling to 8.1 per cent in March, but analysts believe the rate will rise once again as the big conglomerates begin to restructure under state pressure.

India poised for early election

By Mark Nicholson in New Delhi

Indian elections appeared inevitable last night after the failure of both Congress and other smaller opposition parties to agree on an alternative government to the coalition led by the Bharatiya Janata party, ousted in a confidence vote a week ago.

Sonia Gandhi, Congress leader, yesterday met the president, K.R. Narayanan, to tell him she had failed to win enough parliamentary backing to offer a minority Congress government, holding the support only of 239 out of 543 members.

She said Congress would not back any other non-BJP coalition. But any hopes of a non-BJP coalition were also scotched yesterday when the Communist Party (Marxist), parliament's third biggest party and a central component of any such "Third Front" said that such a coalition was not feasible.

Proposals for such a front, made by a handful of small regional parties "are nothing to do with the realities today", said Harkishan Singh Surjeet, a Communist party leader.

The next step rests with the president, who is expected to dissolve parliament, just 18 months after it was elected, and call fresh elections.

The date would be set by M.S. Gill, India's powerful chief election commissioner, after consultations.

Atal Behari Vajpayee, caretaker prime minister, also met Mr Narayanan late yesterday, but would not comment on whether the president had already decided to dissolve parliament.

Though the world's biggest election - with 600m voters - can be organised within two months, it may be held later to avoid the peak of the heavy summer monsoon rains - perhaps in October.

Editorial comment, Page 15

NEWS DIGEST

CHINA'S BID TO JOIN WTO

EU to hold talks on Beijing trade policies

European Union negotiators left for Beijing yesterday to discuss China's moves to join the World Trade Organisation. Sir Leon Brittan, the acting EU trade commissioner, is due in Beijing on May 5 for a two-day visit and to return a week later for the annual China-EU summit.

Behind the EU is a queue of negotiators from Australia and Japan awaiting the outcome of the talks before beginning their own bilateral negotiations with Beijing on China's WTO entry. As the EU team flew in, US officials were ending a mission to China after an apparently unsuccessful attempt to secure a deal for Chinese entry. Robert Cassidy, US assistant trade representative, arrived last Wednesday following the return of the premier, Zhu Rongji, from a North American tour in which he just failed to clinch the deal with President Bill Clinton that would clear the path to China's WTO entry. Mr Cassidy said his goal was to fulfil the pledge the two leaders made in Washington to get China into the WTO this year, 13 years after Beijing first made its entry bid. International Staff

TAIWAN

Party may ease China line

Taiwan's main pro-independence opposition group, the Democratic Progressive party, is considering recognising the island's official identity as the Republic of China.

Though largely semantic, such a move would be a symbolic attempt to reduce the possibility of confrontation with Beijing. The DPP, which calls for an independent Republic of Taiwan, has so far shunned the Republic of China name as embodying the ruling Nationalist party's stated goal of reunification with mainland China. However, support is growing within the party for a softer stance, as concern among voters that DPP policies might lead to conflict with Beijing is seen as an obstacle to the party's electoral prospects. DPP officials said the proposal to change the charter could be debated at a party congress in early May. There remains strong opposition within the party to the change, which is seen by hardline pro-independence activists as a betrayal of their policy roots. Mure Dickie, Taipei

MALAYSIA

Anwar associates face trial

Three associates of Anwar Ibrahim, the sacked and convicted deputy prime minister of Malaysia, are to be tried on charges of perjury. One has been charged with giving false evidence, a second with fabricating evidence in a statutory declaration and the third with fabricating evidence through a sworn affidavit. The three pleaded not guilty and were released on bail. Mr Anwar was convicted April 14 on charges of abusing his power to conceal alleged sexual misdeeds.

Three of the five men named as Mr Anwar's sex partners have said they were forced by the authorities to make those claims and a fourth contradicted himself as a witness in Mr Anwar's trial. Mr Anwar insists the charges against him were fabricated in a political conspiracy to prevent him from challenging the 18-year rule of the prime minister, Mahathir Mohamad. Sheila McNulty, Kuala Lumpur

ASIAN DEVELOPMENT BANK ANNUAL REPORT RESOURCES CONSTRAINED SINCE ASIAN CRISIS

ADB needs to review capital adequacy

By Peter Montagnon, Asia Editor, in London

The Asian Development Bank says it "needs to review" its capital adequacy following the unforeseen assistance given to Asian countries stricken by economic crisis.

Financial resources were much more constrained since the crisis, the bank said in its annual report. Headroom for both lending and new borrowing on international capital markets had been reduced. Last year the bank borrowed a record \$2.6bn, but this is expected

to fall back sharply in 1999 as fewer crisis-related loans are paid out.

The report showed new loan commitments fell sharply last year to \$5.96bn from \$9.41bn in 1997, a figure swollen by a \$4bn emergency loan to South Korea. But crisis-related lending to Indonesia took up \$1.5bn, nearly a third of last year's total. Lending to the poorest countries, on concessional terms from the bank's Asian Development Fund, fell sharply to \$977m from \$1.62bn.

Tadako Chino, the ADB's new president, warned last month that formal discus-

sion would need to begin later this year on replenishing the Asian Development Fund, whose resources have fallen short of expectations, partly because of a decline in the value of the yen, the currency in which Japan, the largest donor, makes its contributions.

The bank would examine ways of using its financial resources more efficiently before seeking a capital increase, he said. Consideration of the bank's resources is, nonetheless, likely to be a theme of its annual meeting, which opens in Manila at the end of this week.

The bank's authorised capital is \$49.2bn, but the report showed that subscribed capital at the end of last year was not far short of this amount at \$48.5bn. Despite the crisis, the bank has suffered only marginally from non-performing loans, with only 0.2 per cent of outstanding loans from its ordinary capital and 3.5 per cent of ADF loans in arrears at the end of last year.

Some three-quarters of last year's lending went to four countries, Indonesia, Thailand, the Philippines and China. As a result of sanctions following its nuclear

test, lending to India, traditionally a large recipient, fell to only \$250m, less than half its 1997 level.

Over a quarter of last year's lending went to support financial sector reform. But the report sought to stress the broad range of the bank's activities, including strengthened efforts to combat corruption. The report referred to earlier studies estimating that corruption had added 20-100 per cent to cost of procuring goods and services in several Asian countries. Corruption could deter foreign investment inflows, it added.

Standard of Excellence

The Chartered Financial Analyst (CFA®) designation. Representing professional integrity, practical experience, and quality service to investors and employers. These business and ethical standards shape all of the investment activities of a CFA charterholder. Compliance with the AIMR Code of Ethics is not an option — it is a condition of maintaining the right to use the CFA designation. Once it's earned, charterholders provide employers with a critical competitive edge. And investors with uniquely qualified advice that allows them to invest with confidence.

The Association for Investment Management and Research sponsors the CFA program, along with professional development services for over 35,000 members in 70 countries around the globe. All designed to promote integrity and knowledge among investment professionals worldwide.

SETTING A HIGHER STANDARD

For more information and a free brochure, call 1 804-963-6325 or visit www.aimr.org.

PUTNAM EMERGING INFORMATION SCIENCES TRUST
Société d'investissement à Capital Variable
47, boulevard Royal, L-2449 Luxembourg
R.C. Luxembourg B 22.515

NOTICE OF MEETING

Dear Shareholder,

We have the pleasure of inviting you to attend the Annual General Meeting of shareholders, which will be held on April 30, 1999 at 11.00 a.m., at the registered office of State Street Bank Luxembourg S.A., 47, boulevard Royal, L-2449 Luxembourg, with the following agenda:

AGENDA

1. Presentation of the reports of the Board of Directors and of the Auditor.
2. Approval of the balance sheet, profit and loss accounts as of December 31, 1998 and the allocation of the net profits.
3. Discharge to be granted to the Directors and to the Auditor for the fiscal year ended December 31, 1998.
4. Action on the election of Thomas M. Tumbin, John R. Varant, Jean-Claude Koch, Alfred Brausch and Steven Spiegel as Directors and Phileas House Coopers S.A. as Auditor for the ensuing year.
5. Any other business which may be properly brought before the meeting.

The shareholders are advised that no quorum for the items of the agenda is required, and that the decisions will be taken at the majority vote of the shares present or represented at the Meeting. Each share is entitled to one vote. A shareholder may act at any Meeting by proxy.

In order to take part at the Annual General Meeting, the owners of bearer shares must deposit their shares 5 clear days before the meeting at the registered office of the fund, 47, boulevard Royal, L-2449 Luxembourg.

By order of the Board of Directors

CONTRACTS & TENDERS

Specific Procurement Notice for IT Systems for the Pakistan Audit Department, Pakistan

Reference Specific Procurement Notices for IT Systems for the Pakistan Audit Department, Pakistan, published on April 8, 1999, announced that the dates of availability of bidding documents and submission of bids have been changed. Will be advertised later.

Project Directorate (PIFRA), Office of the Auditor General of Pakistan
Constitution Avenue, Islamabad, Pakistan
Tel: 00 92-51-9224042 Fax: 00 92-51-9207715
E-mail: arfp@pb.comcasts.net.pk

We want your business.

For more information on Classified Business Advertising in the FT please call:
Tel: +44 171 873 3349 Fax: +44 171 873 3064

CONTRACTS & TENDERS

KINGDOM OF MOROCCO

MINISTRY OF PUBLIC SECTOR AND PRIVATISATION

EVALUATION AND PRIVATISATION OF THE TELECOMMUNICATIONS COMPANY Itissalat Al-Maghrib (IAM)

SELECTION OF INVESTMENT BANK

Within the framework of preparing the privatisation of Itissalat Al-Maghrib (IAM), the Ministry of Public Sector and Privatisation, charged with implementing the transfers, offers, by tender, for evaluating and privatising the national telecommunications company "Itissalat Al-Maghrib".

The present offer by tender is addressed to groupings between Moroccan and foreign investment banks having strong references in this field. The grouping will be joint and several.

The offer will be presented in accordance with the tender documents. After receiving all offers, oral presentations by candidates will be scheduled by the Ministry.

The interested investment banks or their duly authorised representatives may obtain the tender documents, available in French, starting 26 April 1999 at the Ministry of Public Sector and Privatisation located at 47 Avenue Ibn Sina (first floor), Agdal, Rabat, Morocco. The tender documents could be also consulted at the Web Address of the Ministry site: <http://www.minpriv.gov.ma>.

The offers should be received by the Ministry of Public Sector and Privatisation at the address mentioned above, at the very latest by 14 May 1999 at 18:00 PM GMT.



US groups lead boom in high-tech investment

By Kevin Brown, Industry Editor

High-technology investment by overseas companies is booming, according to unpublished figures collected by the Invest in Britain Bureau, the government's main inward investment agency.

IBB officials, who answer jointly to the Foreign Office and the trade and industry department, said 57 high-

technology investments were concluded in the first three months of the year - a rise of 39 per cent on the first quarter of 1998.

US companies led the field, investing heavily in information technology, telecommunications and software businesses, either through direct acquisition or by establishing their own operations.

Significant US investments included operations in Livingston and Edinburgh,

In Scotland, set up by Cisco Systems, an internet networking specialist; a subsidiary in Manchester in north-west England established by Perilogic, a San Francisco software company, and an aviation software development unit set up in Northern Ireland with Western Pacific Data Systems.

Most investment projects involved fewer than 100 jobs, although Hutchison Whampoa of Hong Kong, NEC

Technologies of Japan, and Motorola and MCI Worldcom of the US announced a joint total of more than 4,000 jobs.

Ministers see the high-tech boom as justification for the government's decision last year to switch the IBB from seeking big greenfield manufacturing investments to high-tech investments and additional spending by companies that have already established UK operations.

Michael Wills, DTI inward investment minister, said the growing level of high-tech investments was in line with government attempts to encourage "knowledge" dissemination throughout the economy.

"These big plants are not being created any more. But these [high-tech investments] are immensely valuable assets to this country, and they do create jobs and wealth, although perhaps not directly in the way we

have seen in the past," he said.

Derek Fatchett, Foreign Office minister of state, said the investment strategy was working remarkably well. "I am sure that if Honda or Toyota said they wanted to open a new factory with lots of jobs we would snatch their hands off, but this is where we think the best prospects are now," he said.

IBB officials said information technology and elec-

tronics were estimated to turn over about £50bn in the UK, now the world's fourth largest market, with up to 6 per cent of the global market.

They said companies were choosing the UK as a launch pad into Europe because it is seen as having a business-friendly environment combined with a competitive telecommunications infrastructure, essential for electronic commerce.

Scottish election spotlight falls on Connery

By Andrew Parker, Political Correspondent

The Scottish National party will today try to salvage its beleaguered position in the May 6 elections for the Scottish parliament by placing Sean Connery, the actor and SNP supporter, centre stage in the campaign.

The SNP hopes the spectacle of Mr Connery appealing to voters to reject Labour during a rally in Edinburgh, the Scottish capital, will kickstart a campaign that has been sidelined by the Kosovo crisis.

In an open letter to 300,000 floating voters issued by the SNP yesterday, Mr Connery said: "The SNP is Scotland's party. Its plans for our future are made in Scotland, by Scotland, for Scotland. New Labour is controlled by Tony Blair [the prime minister]. And in our parliament, if New Labour was in charge, all the decisions would still be made in London."

In response to opinion polls last week that suggested the nationalist vote was collapsing, the SNP decided to appeal to the hearts of voters.

The party believes it can only reverse Labour's commanding position in the polls by injecting some drama and passion into the campaign.

Alex Salmond, SNP leader, conjured up the image of William Wallace, the Scot who led the medieval independence wars, by promising a "Braveheart campaign".

The change of strategy may shore up the position of Mr Salmond, who has been criticised for focusing on the devolved parliament rather than the party's goal of an independent Scotland.

Some SNP candidates, have privately claimed Mr Salmond could face a challenge to his leadership if the party fails to secure at least 40 seats in the Edinburgh parliament.

Think-tank calls for a 'less British' Commonwealth

By David Wighton, Political Correspondent

The Commonwealth needs radical reform if it is to help its member countries compete in the global economy says a think-tank close to the Labour party leadership.

A report by the Foreign Policy Centre recommends that the monarch should be replaced as head of the Commonwealth at the end of the current reign and that the secretariat should be moved from London to make the organisation "less British".

It also calls for greater focus on maximising the members' economic potential, particularly by sharing experience on issues such as regulatory reform and tackling corruption.

Dismissing those who claim the Commonwealth has no role in the modern world, the report says it is a network well suited to a global age with enormous untapped potential. But to realise that potential requires radical reform of its aims and structures.

To reduce the London bias of the organisation, the report says the organisation's secretariat should be moved from London to New Delhi or Cape Town. The

Queen's role as symbolic head of the Commonwealth could be supplemented by a presidency, with one head of government elected for a two-year term.

Other moves should be considered to give the Commonwealth a permanent presence between its meetings.

"The Commonwealth appears for a few days every two years when its heads of government meet, and then disappears. Unless it develops a permanent presence that allows it to respond to crises, it will never be relevant," say the authors, Kate Ford and Sunder Katwala.

They point out that as a group Commonwealth countries have great economic potential, not least in their common administrative and business cultures. But this was often outweighed by corruption, bureaucracy, a low skills base and inadequate infrastructure.

The Commonwealth also needed a new declaration of democracy and human rights that included multi-party democracy, freedom of expression and of the media, the right to oppose governments without intimidation and for prisoners not to be tortured.



Police yesterday examining the score of Saturday's Brick Lane rail-bomb, in which at least five people were injured

Toby Melville

Police under pressure after London bombs

By Simon Suckley, Social Affairs Correspondent

The Metropolitan police are under increasing pressure to catch those responsible for planting two rail-bombs in London that have injured almost 50 people over the past two weekends.

Police say they have "serious fears" that the bombing campaign, assumed to be by racist groups, may spread around the country. Officers

have also reported that a "growing number" of threats from extreme right-wing groups have been received since the bombing in Brixton, in south-east London, 10 days ago.

Saturday's bomb in Brick Lane in east London, the centre of London's Bengali community, had "unequivocally racist motivations" and was "clearly designed to maim, kill and injure innocent people", said Sir Paul

Condon, Metropolitan Police Commissioner. Catching those responsible for the two bomb attacks was the "major priority" for the police, he said.

Tony Blair, prime minister, said: "These things are outrageous and we will not tolerate them and we will make every effort to find out those responsible and bring them to justice."

Combat 18, a neo-Nazi group that takes its name

from the alphabetical order of Adolf Hitler's initials, has claimed responsibility for the Brick Lane bombing. Along with several other far right groups, they also claimed they planted the Brixton bomb.

Claude Moraes, of the Commission for Racial Equality, demanded that police step up their efforts to catch the perpetrators. "There are elements in society - the far right is an

example - who don't like what has happened in the Stephen Lawrence inquiry," he said.

"They don't like the idea of lifting the rock and seeing racism underneath. Those elements are creating a backlash."

Mark Wadsworth, of the Anti-Racist Alliance, said ethnic minorities were "suspicious of the police. They have a long way to go to regain our confidence."

CONTRACTS & TENDERS

ROYAL BANK OF MOROCCO
OF PUBLIC SECTOR
PRIVATISATION

AT AL-MAGAZIN TAMR

INVESTMENT BANK

Sometimes the right answer is deceptively simple. No matter how basic or complex your information technology problems, we can resolve them, just like we do for four out of five of the world's largest companies. We never stop asking what do you need most? People and software for business applications.

COMPUWARE
What do you need most?

WEEK AHEAD

DIVIDEND & INTEREST PAYMENTS

TODAY
 Abbey National Treasury Services 6.75% Gtd. Bds. 2006 FF675
 Do. 6.25% Gtd. Nts. 1999 Euro82.5
 Do. 6.75% Gtd. Nts. 2000 \$67.50
 AFRIVA 10.6p
 Asda Corp. 94% Bds. 2002 £36.25
 Do. 8.375% 2007 £83.75
 Braime (TF & JH) Hlds. 8.2p
 Do. A. Non. Vtg. 8.2p
 British Telecommunications 64% Nts. 2002 \$67.50
 Firstry Smaller Co. Tst. 2.3p
 Fleming American Invst. Tst. 2.5p
 Foreign & Colonial Invst. Tst. 1.9p
 General Electric Co. \$0.35
 Golden Castle Euro-Finance FRN. 2004 \$131.72
 Govett High Income Invst. Tst. 11.2p
 Henlys Grp. 12p
 Intex 6p
 Platinum Int. Fin. Tranche A FRN 2003 Y947.397
 Do. Tranche B FRN 2003 Y947.397
 Reyon Grp. 10.5p
 Reuters Grp. 11p
 State Bank of New South Wales 104% Sub. Nts. 1999

TOMORROW
 CRC Grp. 2p
 Halifax FRN. Sub. 2012 £150
 Mitsui & Co. 2.85% Nts. 1999 Y285.000
 Schroders 11.5p
 Do. Non. Vtg. 11.5p

WEDNESDAY APRIL 28
 Bank of Nova Scotia CS0.21
 Britannia Bldg. Soc. FRN. sub. 2005 £15,975.20
 Canadian Imperial Bank of Commerce CS0.30
 Challenham & Gloucester 114% Perp. Sub. Bds.
 £2,937.50
 Co-operative Bank 9.25% Sub. FRN. 2000 £73.20
 Dairynippon Ink & Chemicals 64% Nts. 1999 Y625.000
 Herald Invest. Tst. 9.0p
 HSBC Hlds. \$0.555
 Do. 2nd. \$0.555
 Korea Electric Power Corp. 8.50% Bds. 2007 £85
 Lex Service 11.7p
 Millennium & Copthorne Hotels 6.9p
 Nihon Doro Kodan 74% Gtd. Bds. 2005 \$375

THURSDAY APRIL 29
 Alliance & Leicester Treasury Gtd FRN 2001 £144.95
 BPP 11.5p
 Greenalls 34p
 Land Sec 94% Bd 2007 £95.0
 Northern Leisure 2.25p
 Pendragon 8p

FRIDAY APRIL 30
 Abbey National 29.55p
 Alexon 5% Crn Pt 2.5p
 Assoc British Ports 5.75p
 Band 7% Crn Pt 3.5p
 Bankers Inv Tst 8% Db 2023 £1.0
 Do 104% Db 2016 £5.25
 Barclays 27.5p

Regent Inns 1.43p
 Repeat Offering Sec. Entity Funding. Class A2 \$1,244.38
 Do. Class A2(b) \$1,295.06
 Do. Class A3(a) \$1,284.57
 Do. Class A3(b) \$1,475.75
 Do. Class A4(a) \$1,342.07
 Do. Class A4(b) \$1,544.79
 Do. Class A5(a) \$1,594.11
 Do. Class A6 \$1,729.57
 Do. Class B \$1,992.07
 State Bank of New South Wales 104% Nts. 2000 AS102.50
 Ultra Electronics Hlds. 5.4p
 Koninklijke Wessanen FLO.96

Barclays 10% Crn Pt 5p
 Beazer 2.5p
 Benchmark 54% Cv Ln 2013 £2.875
 Black (Peter) 1.9p
 Blacks Leisure 10% Crn Pt 5p
 Cannons 1.78p
 Chemring 4.9% Crn Pt 2.45p
 Creston 6% Cv Ln Un 3p
 CU Envmnt 0.5p
 Diageo 7.8p
 Dow Chem \$0.87
 Dumyat Inv Tst 6.975p
 Do Monthly Div 0.55p
 Enterprise 3.2p
 Estates Prop Inv 10% 1st Mtg Db 2011 £5.0
 Evans of Leeds 11% 1st Mtg Db 2025 £5.50
 Expamet Int 2.55p
 Fleming Inc & Grwth Inv Tst 3.5p
 Flamingo 3.5p
 Framlington Dual Tst 1.9p
 Friends Provident Ethical Inv Tst 0.75p
 Do Units 0.75p
 Fuller Smith & Turner 64% Db 2028 £3.4375
 Games Workshop 3.56p
 Great Portland Estates 74% 1st Mtg Db 2027 £5.25
 Hayes Publishing 5.8p
 Heavitree Brewery 114% Crn Pt 5.75p
 Henderson High Inc Tst 1.75p

UK COMPANIES

TODAY
 BOARD MEETINGS:
 Final: Buckland Invs; Ryan Hotels; Seet; Shioh
 Interims: Carr's Milling Inds.; Fibernet Grp.

THURSDAY APRIL 29
 COMPANY MEETINGS:
 Expamet, Painters Hall, 9, Little Trinity Lane, E.C., 11.00
 National Express, Stationers Hall, Ave Maria Lane, E.C., 12.00
 BOARD MEETINGS:
 Final: Chiroscience
 S & U
 SVB Hlds.
 Interims: Connaught; Smith (W.H.)

FRIDAY APRIL 30
 COMPANY MEETING:
 Pearson, OBEI Conference Centre, Broad Sanctuary, S.W., 12.00

TOMORROW
 COMPANY MEETINGS:
 Ruberoid, Carthusian Court, 12, Carthusian Street, E.C., 9.30
 SmithKline Beecham, OBEI Conference Centre, Broad Sanctuary, S.W., 2.00
 Vickers, Millennium Conference Centre, Millennium Gloucester Hotel, S.W., 12.00
 BOARD MEETINGS:
 Final: Alexandra; Morgan Grenfell Ltd. Am; MSB Int.
 Interims: Aberdeen Asset Management; Phytopharm

WEDNESDAY APRIL 28
 COMPANY MEETING:
 Associated British Ports, Ironmongers Hall, Shafesbury Place, Barbican, E.C., 12.00
 BOARD MEETINGS:
 Final: Hyperion Training Limited

CONFERENCES, VENUES AND COURSES

May 4 & 5
Nigeria - Debt, Development and Democracy: Prospects and Challenges
 Distinguished Speakers include: Afeez Abeku Abubakar, Vice President Elect, Nigeria; Dr. Peter Udo, Secretary General, Organisation of the Petroleum Exporting Countries; Mr. Henryk Hino, Senior Advisor, African Department, International Monetary Fund; Mr. Hussein Bello Osho, Chairman, United Bank for Africa Plc; Mr. Jeremy Pope, Executive Director, Transparency International; Mr. Freddie Scott OBE, West Africa Committee Representative, Nigeria; Mr. Jim Hanson, President, Mobil Europe and Africa Limited; Dr. Jonathan Long, Managing Director, First City Merchant Bank Limited; Mr. David Hampton, Managing Director, Guarantia Africa, Contact: Monique Adestine@FT.com
 FT Conference
 Tel: +44 171 873 3575
 Fax: +44 171 873 3067
 Email: monique.adeatine@FT.com
 London

May 11
The European Asset Management Summit
 Shaping asset management and financial markets in the next decade
 3 DAY CONFERENCE
 Topics will include: Strategic issues - European equity & bond markets
 Investor panel - The future of E-commerce - Emerging economies in Europe. Over 20 international speakers with keynote speeches
 Leo O'Hall, President Standard & Poor's; Thania Zouli, CEO, Standard & Poor's; John Mann, president, EastWest Institute; Norbert Walter, Chief Economist, Deutsche Bank; Stanislas Vendier, Chairman, SASDAQ; Robert Shaw, CEO, USWB
 Booking or enquiries:
 +44 171 873 8718 or
 www.conferences@ft.com
 Sponsors: SASDAQ - Suptel - Standard & Poor's - Zurich Financial Services - Oppenheimer, Wolff & Kennedy
 Deiler Grand Hotel, Zurich

May 11
Business to Business Electronic Commerce
 Growing your Business On-Line
 The FT Business breakfast
 To be chaired by: Paul Taylor, Financial Times IT Correspondent, Tom McGuffog, Director of Planning & Logistics, Next UK Ltd; Thomas Power, E-Commerce Consultant; Paul Lindsay, Managing Director, the eXchange; Phil Jackson, Managing Director, FirstWeb Ltd.
 Contact: Monique Adestine@FT.com
 FT Conference
 Tel: +44 (0)171 873 3575
 Fax: +44 (0)171 873 3067
 Email: monique.adeatine@FT.com
 London

May 12 - 14
Cornell University: Second Annual European Hotel Industry Strategy Conference
 Courses explore critical strategic issues for companies operating and/or developing hotels in Europe. Topics:
 • Branding • Financing • Consolidation • Central/Eastern Europe Development • Management Agreements • Technology • Boutique Hotels • Middle East Development • Y2K • Revenue Management • Growth Strategies
 Co-sponsors: IMD, Hotels Magazine, HVS International.
 Contact: IMD, Tel: 1-212-766-2900 ext. 1; Fax: 1-212-766-2484; E-mail: cornell@imdi.com
 London

May 12
London Motor
 Distinguished speakers include: Mr John Simpson, Deputy Chairman and Chief Executive, The Mayflower Corporation plc; Mr John M Hill CBE, Group Chief Executive, Jaguar Group; Mr Andrew Jackson, Deputy Chairman, BMTA; Mr Robert N Edmondson, Chairman and Chief Executive, JM Group Ltd; Mr Graham Beames, Chief Executive, SMTI Industry Forum; Mr Gregory Melich, Vice President, Morgan Stanley & Co, International; Linda M Michael Woodward, Director, e-spectrology Practice, KPMG; Professor Gavriel Salvendy, Director for Centre for Automotive Industry Research, Cardiff Business School.
 Contact: Julie Crossan
 FT Conference
 Tel: +44 171 873 3283
 Fax: +44 171 873 3067
 E-mail: julia.crossan@FT.com
 London

ICG: GRAINS CONFERENCE '99
"Wild" future for world grain trade?
 Conference participants will have the opportunity to discuss the major issues affecting today's grain market in an international setting. Senior industry and government speakers will present their views on key issues facing traders, producers and consumers. The ICG Secretariat will provide an assessment of the likely direction of the global grain economy over the next five years.
 (Languages: English, French, Russian, Spanish)
 Contact: International Grains Council Ltd
 Tel: +44 171 818 1122
 Fax: +44 171 813 0630
 Email: igc@igc.org.uk
 Web site: www.igc.org.uk
 DEI Conference Centre, London

MAY 25
The Business of Defense
 Examines international collaboration, seeking forward SDR, and sustaining the defense industry. Features The Rt Hon the Lord Gilbert, Field Marshal Lord Vincent, General Sir Sean Cowan, Mr Francois Heilbrunn, Dr Alain Rasse, Mrs Alison Wood, Mr Tony Edwards. Sponsors: EDS with Booz Allen & Hamilton and supported by IBM. Moderators: Paul Beaver and Rebecca Coss. Briefing will also assess the Balkan conflict.
 Contact: Chrysler Ltd
 Tel: 01225 466744
 Fax: 01225 443900
 e-mail: 106703.2270@compuserve.com
 London

FT World Gold
 Distinguished speakers include: Mr David Claman, Deputy Governor, Bank of England; Mr Jean-Pierre Poth, Vice Chairman of Governing Board, Swiss National Bank; Mr Richard Olymph, President and Chief Executive Officer, Bank of Montreal; Mr Charles Milesi, Director, Executive Director, World Gold Council; Mr Ted Pavee, Gold Analyst, Equity Research, Scotia Capital Markets; Mr Neil Hewitt, Consultant, J.Aron/Goldman Sachs.
 Contact: Julie Crossan
 FT Conference
 Tel: +44 171 873 3283
 Fax: +44 171 873 3067
 E-mail: julia.crossan@FT.com
 London

MAY 5 - 7
BANKING & FINANCE COURSES
A DIVISION OF HYPERION TRAINING LIMITED
 Introduction to Banking
 This introductory course provides a broad overview of the Banking and Financial Services sector. The course examines the fundamental structure of this financial sector and the various players who operate within it. The course also examines how the sector is regulated and considers current trends and developments in the global banking world.
 Please contact Marcus King or Rebecca Lever on 0171 374 4007 for details.
 E-mail: admin@hyperion-training.co.uk
 Web site: http://www.hyperion-training.co.uk
 LONDON

MAY 10 - 14
BANKING & FINANCE COURSES
A DIVISION OF HYPERION TRAINING LIMITED
Corporate Credit Analysis (Level 2)
 This course builds on existing knowledge and aims to provide a better understanding of the more complex issues involved in credit analysis. The course covers the following areas in greater depth: financial analysis, corporate strategy, liquidity and cash flow, forecasts and budgets, and problem loan management.
 Please contact Marcus King or Rebecca Lever on 0171 374 4007 for details.
 E-mail: admin@hyperion-training.co.uk
 Web site: http://www.hyperion-training.co.uk
 LONDON

MAY 11 - 13, 18
Selling or Passing on Your Business?
 Ensure you avoid the risks and pitfalls, maximise your personal return after tax and complete your business. Expert corporate finance advisers, in strategy, and valuation consultants, join forces to give owner managers of private limited companies up to date advice on a housing session: 11.30-1.30pm. Contact: Nicky Cover, Q3 Corporate Finance on 01225 352000 for further information.
 WINDSOR, BRISTOL, SOUTHAMPTON

MAY 11 - 13
Corporate Finance
 Intermediate level aimed at those in corporate and banks who need to understand valuation, capital structure, shareholder value and funding. • Key concepts in Finance = Cost of capital • Review of investment appraisal • Dividend management • DCF valuation • Valuation multiples • Acquisition financing • Shareholder value • Practical case studies - MBO, M & A. Contact: Zoe Davies on 0171 374 4007 for details. Tel: +44 (0)1625 529397
 E-mail: training@fsmid.co.uk
 FSMID: LEADERS IN EDUCATION LONDON

MAY 17
HYPERION TRAINING LIMITED
Introduction to the City & Financial Markets
 This introductory course will enable delegates to gain a sound understanding of financial instruments and the markets in which they trade. The course is practical in its approach and uses current market data. This course will prove invaluable for new, recent and potential entrants to the financial services industry. Please contact Marcus King or Rebecca Lever on 0171 374 4007 for details.
 E-mail: admin@hyperion-training.co.uk
 Web site: http://www.hyperion-training.co.uk
 LONDON

MAY 24 - 28
Understanding Bank Treasury Management
 Run jointly with the Association of Corporate Treasurers, aimed at those new to treasury who work in banks, building societies and financial institutions and need to understand the bank treasury role • Interest rate derivatives • currency derivatives • money and capital markets • customer product development • asset and liability management. Also relevant for professionals e.g. IT, auditors, consultants.
 Contact: Zoe Davies on 0171 374 4007 for details. Tel: +44 (0)1625 529397
 Email: training@fsmid.co.uk
 FSMID: LEADERS IN EDUCATION LONDON

MAY 25 - 27
Project Finance
 Aimed at those in banks, sponsor companies or government departments who need to know more about the total process of project finance - cash flow projection and analysis - risk evaluation - risk sharing and legal/contractual issues - financial engineering - PFI, European and worldwide applications. Contact: Zoe Davies on 0171 374 4007 for details. Tel: +44 (0)1625 529397
 Email: training@fsmid.co.uk
 FSMID: LEADERS IN EDUCATION LONDON

JUNE 16 - 18
Introduction - partners in financial knowledge
Demystifying Company Report & Accounts
 • Identify Basic Accounting Principles
 • Confidently deal with financial and budgetary material • Appreciate How Financial Statements Are Generated
 • Understand and Interpret the Profit & Loss, Balance Sheet and Cashflow Statements • Prepare a Break-Even Analysis • Compute a Range of Financial Ratios • Undertake a Simple Sensitivity Analysis
 Contact: Bircfin Training & Consulting
 Tel: 0171 929 6633 Fax: 0171 929 6644
 Email: waghornb@bircfin.com
 Internet: http://www.bircfintraining.com
 LONDON

JUNE 21 - 23
Introduction - partners in financial knowledge
Essentials of Risk Management
 • Review the mathematical/statistical approach to risk management • Identify the variety of risks faced by consumers and financial institutions • Understand VaR techniques and practicalities and the shortcomings • Review credit and counterparty risks • Understand the Capital Adequacy Implications • Evaluate operational risks and control standards • Understand the role and structure of the risk management function
 Contact: Bircfin Training & Consulting
 Tel: 0171 929 6633 Fax: 0171 929 6644
 Email: waghornb@bircfin.com
 Internet: http://www.bircfintraining.com
 LONDON

JUNE 28 - 30
Introduction - training professionals
Introduction to Treasury
 Financials
 • Understand the operations of the prevailing treasury products • Evaluate the major influences and effects • Determine the mechanics of spot and forward foreign exchange, basket and cross currencies • Understand money market operations • Review basic bond mathematics and calculations • Analyze the derivative: Futures, FRAs, Interest rate options, Caps, Collars and Floors, Swaps
 Contact: Bircfin Training & Consulting
 Tel: 0171 929 6633 Fax: 0171 929 6644
 Email: waghornb@bircfin.com
 Internet: http://www.bircfintraining.com
 LONDON

Celebrating the transition of Macau from Portugal to China as a new Special Administrative Region.

Central Banking Policies
 Leading the Way Towards Sustainable Economic Growth

Opening speech by **Gen. Rocha Vieira** Governor of Macau

Sustainability of Monetary and Exchange Rate Policies
 Chaired by **Dai Xianglong** Governor of Peoples Bank of China
Antonio de Sousa Governor of Bank of Portugal & Secretary General, ECOFIN
Joseph Yam Chi-Kwong Chief Executive of Hong Kong Monetary Authority
Edward A. J. George Governor of Bank of England
Shigemitsu Sugisaki Deputy Managing Director of International Monetary Fund
 Chaired by **Vitor Pessoa** Secretary for Economic Coordination

Soundness of Financial Systems
Gabriel Singson Governor of Bank of the Philippines
M.R. Chatur Mongkol-Sonakul Governor of Bank of Thailand
Sakuya Fujiwara Deputy Governor of Bank of Japan
Gunter D. Baer Secretary General of Bank for International Settlements
Robert Heller Former Governor of USA Federal Reserve System
 Chaired by **Manuela Morgado**

Concluding Remarks
Manuela Morgado Chairwoman, Monetary and Foreign Exch. Authority of Macau

Presentation and Discussion of Papers on the Following Topics:
 Session 1 - Sustainability of Monetary and Exchange Rate Policies
 Session 2 - Soundness of Financial Systems

Date: 14-15 MAY 1999
 Venue: MACAU Cultural Centre

For registration & inquiries, please contact the conference secretariat:
 Tel: (853) 353218
 Fax: (853) 353042
 e-mail: amcmconf@macau.ctm.net

Visit the Conference page at:
 http://amcm.macao.gov.mo/conf_conf.htm

Registration fee:
 US \$25 or MOP/HKD \$200

organised by
 THE MONETARY AND FOREIGN EXCHANGE AUTHORITY OF MACAU
 official partner of THE BANK OF PORTUGAL AND THE PEOPLE'S BANK OF CHINA

IFex
 DEI Conference Centre, London

Electronic Commerce Europe 99
The Annual Conference of ECMA
 The European forum for electronic business communications
 Make a date to explore the advantages, developments and solutions within electronic business at the leading European conference and exhibition.
 Venue: Le Centre de Congress de Newport Bay Club, Eurodyna
 Sponsored by: Informix, Lotus Developments and Fischer International
 For further information:
 Email: info@ecma.org
 Telephone: +44 1386 798028
 Fax: +44 1386 798288
 For the full conference programme and registration form visit:
 www.ecma.org
 Paris, France

SEPTEMBER 15 & 16
World Motor
 Distinguished speakers include: Mr Cynthia Trudell, President, Saturn Corporation; Mr Craig Mulhauser, President, Visteon Automotive Systems; Mr Trevor Fitt, Chief Executive, Peugeot PLC, Mr Elias Pascual, Chief Executive Officer, Iris.Bas; Dr Alex Dreibelzer, Managing Director, Golden Sachs & Co. O.H.G. Mr Alexander Weissleder, Managing Director, Mercedes Benz Finance Limited; Mr John Lawson, Managing Director, Salomon Smith Barney; Mr Jan Timmermans, Secretary General, EUROPIA European Petroleum Industry Association.
 Contact: Monique Adestine@FT.com
 Tel: +44 (0)171 873 3575
 Fax: +44 (0)171 873 3067
 Email: monique.adeatine@FT.com
 FRANKFURT

VENUES

A new prestigious city venue within the Financial Times Head Office. Ideally suited for seminars, press launches, corporate functions and cocktail receptions. Sophisticated audio visual equipment suitable for all requirements. Supportive and professional staff on hand to assist you.
 For further details please contact:
 Jay Annis
 Tel: +44 (0)171 873 3486
 Fax: +44 (0)171 873 3067
 Email: jay.annis@FT.com

Choose from 3/4* hotels with conference and meetings facilities at value for money prices, accommodating up to 200 delegates. Also offers extensive opportunities for incentive trips, leisure activities and partner programmes.
 Contact: Katherine Despres
 Tel: 01481 726611
 Fax: 01481 721246

REGENT LANGUAGES FOR BUSINESS
 • Tailored tuition for business people
 • Courses for individuals and groups
 • In-company or at our centres in London, Oxford, Brighton, Kent and Edinburgh
 • Expert teaching in over 40 languages including English
 Regent Languages
 31 John Adam St., London WC2N 6HQ
 Telephone: 0171 839 3622
 Fax: 0171 839 3677

EXHIBITION
LEBANON WEEK IN LONDON
 MAY 10-14
 The best of Lebanon is coming to London, at the "Made in Lebanon" Exhibition at the Arab-British Chamber of Commerce, 6 Belgrave Square, London SW1. If you're looking for new business opportunities in the Middle East, make sure to look here.
 For more information, call the External Relations Department on: 0171 235 4363 or Fax: 0171 396 4499.
 Open Monday May 10th 11am-6pm, all other days 10am-6pm. LONDON

MAY 24 - 28
BANKING & FINANCE COURSES
A DIVISION OF HYPERION TRAINING LIMITED
Corporate Credit Analysis (Level 1)
 An introductory course aimed at those with little or no experience of credit analysis. The course covers the credit process, financial reporting, financial analysis and interpretation, cash flow and liquidity, security, and the lending process.
 Please contact Marcus King or Rebecca Lever on 0171 374 4007 for details.
 E-mail: admin@hyperion-training.co.uk
 Web site: http://www.hyperion-training.co.uk
 LONDON



To advertise contact Jade Sanderson on +44 171 873 3507 or Fax +44 171 873 3765

INSIDE TRACK

PROFILE ED CRUTCHFIELD, CEO FIRST UNION

Scaling difficult heights

After buying up more than 100 banks in 15 years, First Union is discovering that size alone is not enough to get you noticed, writes John Authers

The skyline of Charlotte in North Carolina is dominated by the headquarters of two rival banks. First Union is a glorious round-topped skyscraper, built early in the decade. NationsBank, three blocks away, is an ornate version of the Empire State Building, known locally as the "Taj McColl" after its chief executive, Hugh McColl. It is noticeably taller. Not to be outdone, Ed Crutchfield, the chief executive of First Union, is planning a new office tower in Charlotte, although he denies speculation that it will be 20 stories taller than the Taj.

Thanks to North Carolina's lenient banking laws, which do not forbid local banks from buying banks in other states, Mr Crutchfield and Mr McColl have transformed their respective banks into the largest in the American south, and Charlotte into the second largest banking centre in the country.

In the process, they have helped redefine the role of banking in the fragmented US market - in spite of the consolidation of the past years, there are still 9,000 US banks in operation.

Like the Charlotte skyline, the rivalry between Mr Crutchfield and Mr McColl is legendary. Both approach franchise building as a military operation, complete with maps of the US to demonstrate possible targets.

The two have competed head to head on many deals. NationsBank, which merged with BankAmerica last year and is taking on the latter's name, is now the second largest bank in the US in terms of assets.

First Union is the fifth largest, with a network that takes in New England and

says, is everything in a business where profits are increasingly coming from the sale of investment products and fund management fees, rather than lending and deposit taking. "We are about half like a traditional bank today - that's deposit taking, lending and checking accounts. That's growing at only about 5 or 6 per cent a year.

"The other half is the Merrill Lynch-type half, and it is growing at 30 per cent. If that trend continues, you can see that 10 years from now we'll probably have a ratio of two-thirds to one-third.

"There really is no bank in the country that has gone as far as we have towards transforming itself into a diversified financial services company," he says.

This leaves Mr Crutchfield with two problems: what to do with all the bricks and mortar he has bought over the past 15 years, and how to

wanted something which dramatically pierced through the clutter out there. I didn't want a grandfather with a three-year-old kid and a fishing rod saying don't worry son, we'll save and you'll get a college education."

Retraining has been an equally vast operation, particularly when one considers the logistical challenge of instilling a single, national corporate ethos into the staff of more than 100 locally focused banks.

Mr Crutchfield's response was to found a training college - First University - where the latest technical wizardry in education, such as CD Roms with difficult customers, are available to train staff.

No less impressive is First Union's vast customer services centre in Charlotte: the floor space is larger than that of the Empire State Building in New York, and only slightly smaller than the Pentagon's.

"It has got 10,000 people in it and it's full of technology and it can handle 200m telephone calls in one hour. That gives you a clue on how I think the distribution will move," Mr Crutchfield says.

Wall Street, however, is less impressed. First Union's shares fell 9 per cent in January after it announced a lower profit forecast for the year. Mr Crutchfield responded by announcing plans for big job cuts. But his bank is still trading at a multiple of 19 times earnings, the lowest multiple of the top tier of US banks.

With hindsight, Mr Crutchfield says, the profits warning should have been accompanied with more information. Analysts concluded that Mr Crutchfield was having difficulties in integrating CoreStates, Philadelphia's biggest bank, which he bought in



1997 for more than \$17bn.

Mr Crutchfield says "very little" of the warning related to the CoreStates acquisition. It was expenses growth which had spiralled out of control.

"We had parts of the business with the accelerator to the floor and the throttle wide open. The growth rate of expenses in capital markets and capital management, which I had been giving our executives free rein

on for five years, was maybe 40 per cent a year. That's okay when you are starting a business. But we said this is one of those years when we are going to have to take a break." Spending on advertising will continue, despite some criticism from Wall Street.

Mr Crutchfield does not rule out another big deal, although First Union's current earnings multiple, plus the thinned field of merger

candidates after last year's mega-deals, mean that a big acquisition is unlikely soon.

He points out that First Union's market value is about \$56bn, making suggestions that the bank might be an acquisition target virtually out of the question.

"There will probably be only three or four pure banking companies which are national like Wal-Mart or McDonald's." He wants First Union to be one of them.

Essential Guide to Ed Crutchfield

Age: 57 - more than enough time to pull off another "mega-deal". CEO since the relatively youthful 43.

Home state: North Carolina. He started at First Union on graduating from Wharton, confident that the then sleepy regional bank had great growth opportunities.

Arch-rival: Hugh McColl, of NationsBank (now BankAmerica).

Anything Hugh can do Ed can do better: They took it in turns to make the largest banking acquisition in the US. In August 1997, NationsBank bought Barnett Banks of Florida for \$15.5bn. Three months later, First Union bought CoreStates of Philadelphia for \$17.1bn - the record price for a US bank.

Big dates in First Union's acquisition campaign: 1985, bought Atlantic Bancorporation - entered Florida for the first time; 1986, starts buying banks in Georgia and South Carolina; 1987, buys banks in Tennessee; 1992, starts buying in Virginia; 1996, buys First Fidelity in Newark, New

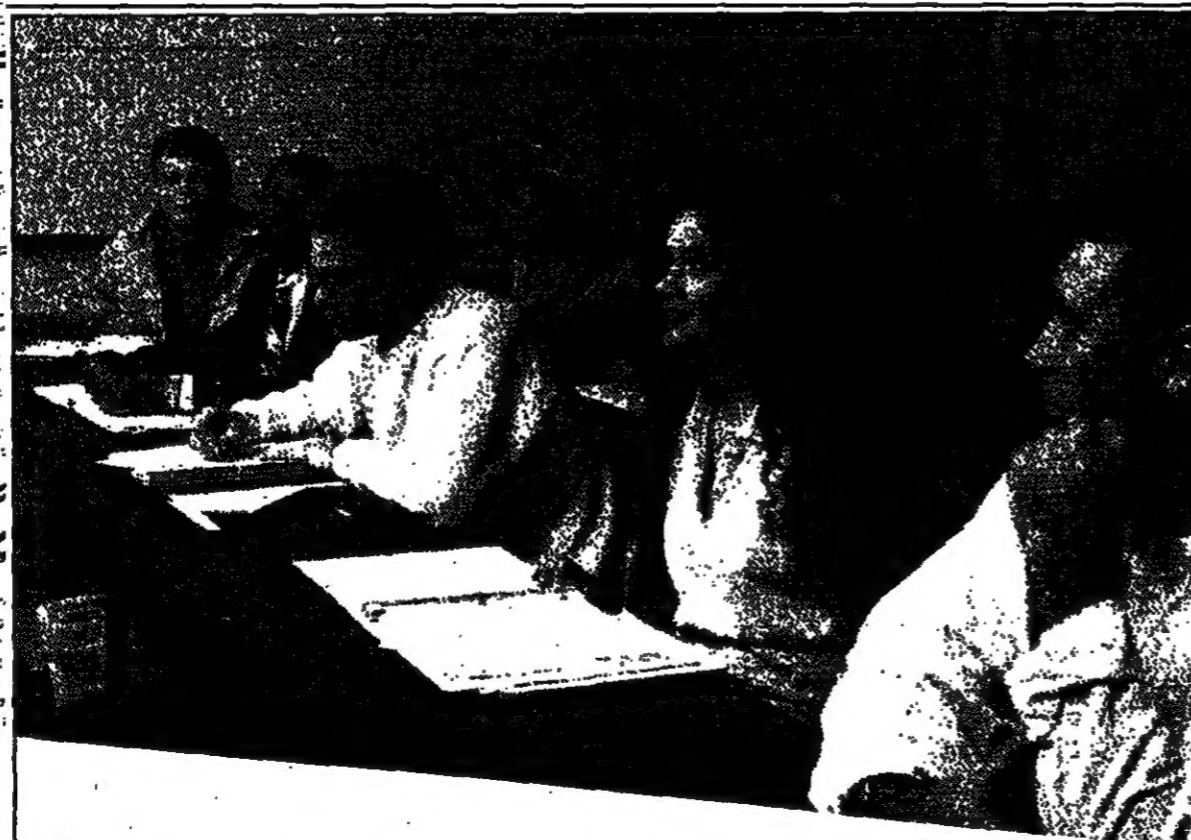
Jersey - moving north; 1997, buys Signet Bancorporation of Virginia. Asked how he decided the price, he said: "I just kept stacking billion dollar bills on the table until Signet said yes."

1997, buys Wheat First Butcher Singer investment bank - First Union can underwrite equity for the first time; 1998, completes acquisition of CoreStates Financial, Philadelphia's biggest bank. Then buys The Money Store, a national home equity lender.

Sporting interests: Under Crutchfield's direction, First Union helped bring the Hornets basketball and Panthers football teams to Charlotte. Both boosted the city's self-esteem immeasurably.

Where will he go next? Expensive acquisitions for a premium are unlikely, but a merger of equals is plausible. Possible partners, all in the throes of integrations of their own, might include Bank One, Wells Fargo or, most likely, Fleet of Boston.

BUSINESS EDUCATION



WORLD CLASS

Edinburgh Business School at Heriot-Watt University has pioneered an MBA programme to meet the international requirements of top managers and companies.

Faculty is drawn from leading business schools in Europe and the US, and offers cutting edge expertise with an international perspective.

There are 9,000 active distance learning students drawn from over 140 countries on this programme; it is one of the largest MBA programmes in the USA, Europe and Australasia, with many corporate sponsors.

In 1998, over 800 students graduated with a Heriot-Watt University MBA: the programme, which is produced in association with Financial Times Management, was rated for the ninth consecutive year as one of the world's best by the Economist's Critical Guide to MBA programmes.

Applications can now be made to study the MBA at the School's new state-of-the-art complex at the heart of the University campus in Edinburgh, Scotland's capital city, either full-time over 12 months or part-time over two years. The part-time programme is based on periodic weekend attendance.

Our MBA programmes commence October 1999. Accommodation on campus is available if required.

Major funding has been secured for Scholarships for the 1999 intakes.



Rigorous Flexible
International Accessible Proven

Request full information, quoting reference 31, from Edinburgh Business School, Heriot-Watt University, Edinburgh EH14 4AS, UK.
Telephone: +44(0)131 451 3544 • Fax: +44(0)131 451 3002 • Email: enquiries@ehb.wu.ac.uk
www.hwmba.edu

Quality in
Total Quality
Customer Service



With a postgraduate qualification in Total Quality or Customer Service you'll be well on your way to enhancing your career and business excellence know-how.

Our distance learning programme allows you to set your own study plan around your work, and other commitments, and to pay as you go. Even without a first degree you could progress to Postgraduate Certificate, to Postgraduate Diploma, or through to a Masters Degree.

Contact us for a copy of our 1999 prospectus quoting reference 410.

FAX 01724 906733

EMAIL enquiries@ntu.ac.uk

FEL 01724 906838

WEB www.ntu.ac.uk

or write to:
Financial Times Management,
128 Long Acre,
London WC2E 9AN.

MANAGEMENT

INSIDE TRACK



BUSINESS TRAVEL STATION HOTELS

Rail's sleeping giant awakes

Gillian Upton gauges the prospects for Europe's railway hotels following the success of the high-speed train network

Europe's railway hotels are making a comeback as air travellers and road-users switch to the high-speed train links connecting the continent's main business centres.

The Thalys rail network, which connects Paris, Brussels, Amsterdam, Cologne and Düsseldorf, has been particularly successful. Last year Thalys, a joint venture between the four countries, carried 4.7m passengers, an increase of 55 per cent over the previous 12 months.

The Paris-Brussels service which takes just 90 minutes, has won a 48 per cent share of the travel market between the cities.

And no one flies between Paris and Lyons anymore - the TGV completes the trip in two hours and has won 90 per cent of the traffic on that route.

"Railway hotels are coming back into their own," says Clive Hillier, vice-president of corporate development at Hilton International. "Drastic improvements in the speed of rail networks

and links between airport and rail are making them viable once more."

Hilton is building two railway hotels. The first will open this winter at Copenhagen airport, linked by a walkway to the railway terminal and airport.

The second is in London, one of three hotel projects helping to regenerate the surrounding areas. The Great Western Royal Hotel at Paddington station, now closed for refurbishment, will reopen as the GWR Hilton Paddington by the end of next year. The building's Victorian facade will remain.

Hilton is hoping to attract the 30m travellers expected to pass through Paddington each year when the Heathrow Express, the airport rail link, becomes fully operational at the end of this year. The £80m investment in the hotel is part of a regeneration programme.

In Paris, Eurostar passengers arriving at Gare du Nord have the convenience of the revamped Nord Hotel. At Paris Charles de Gaulle,

Roissy - the terminal for both the Metro and the north-south TGV line which bypasses Paris - there is a Hyatt Hotel.

Germany has 17 InterCity hotels, most of them integral to railway stations on the

'Improvements in rail networks are making railway hotels viable once more'

Deutsche Bahn network. Business is booming. Guests receive free passes for the public transport system when making a booking from Kiel, Hamburg, Hanover and Rostock in the north to Wuppertal and Frankfurt in central Germany and Freiburg, Stuttgart and Augsburg in the south.

Railway hotels' great attraction is that they are

conveniently located in or near the city centre, and close to other transport.

However, in many cities these same areas are run-down. In such cases, the hotels require considerable investment to attract business travellers.

Milan's fabulous station, for example, has several hotels nearby but it is in the gypsy quarter of the city. Frankfurt's InterCity Hotel may be next door to the station and a 500-metre walk from the city's exhibition grounds, but it is in the middle of the red light district.

Meanwhile, some cities do not have a hotel at the station. Brussels Midi has none but one stop away, at Brussels Central, there is a selection. Lille also lacks hotels, although there are several near the old station.

"The economic case has to be made," explains Mark Phillips, director at international and tourism consultants Horwath UK. "Hotels have to attract business, conference and leisure business to fill seven days a week. They have to see the demand coming out of railways."

"Urban regeneration helps," says Trevor Ward, joint managing director of EDO Hospitality Consulting. "The changes are coming but the problem is that we love our cars too much."

London's Gothic St Pancras station is the location of another Eurostar terminal to augment Waterloo and, by 2007, it will become a mixed-use hotel, shopping and apartment complex, the result of a consortium of Marriott, British Airports Authority and Manhattan Lofts.

At Liverpool Street station, the Great Eastern Hotel is being transformed in a joint venture between Sir Terence Conran and Arcadian International.

The development, a 386-bedroom hotel with six restaurants, is due to open late this year.

"It is the only site in the historic Square Mile of London that has the additional benefit of being attached to a railway terminus, which means an enormous amount of through traffic," says Roy Turry, Arcadian operating director. "It makes a very exciting site."

TECHNOLOGY SATELLITES

Information that is heaven-sent

Data gleaned from satellites is available on a pay-per-view basis, says Leonard David

Do you ever have the feeling that somebody is looking over your shoulder? In future, it might be better to look upwards rather than behind you.

A new class of privately built satellite, capable of snapping images of objects just a metre across from hundreds of kilometres up in space, is about to go on patrol.

Such highly detailed satellite pictures were once the preserve of military and intelligence agencies, but now they are available on a pay-per-view basis.

Tomorrow the first of three private satellites scheduled for launch this year is due to be lifted into orbit from Vandenberg Air Force Base in California. The Ikonos-1 satellite, equipped with a Kodak digital camera system and owned by Colorado-based Space Imaging, will be followed by OrbView-3 (from Virginia-based Orbital Imaging) and QuickBird-1 (from EarthWatch, another Colorado company).

These companies are part of a growing remote-sensing industry, which can transform satellite pictures into an array of data products, useful for crop monitoring, scouting for oil and gas resources, better management of urban sprawl and many other purposes.

But the three new satellites should further expand the market for such pictures by making high-quality images available rapidly, efficiently and inexpensively, says Ray Williamson, a research professor at George Washington University's Space Policy Institute in Washington.

"We have the potential for much greater insight into our environment, activities of our neighbours, not just in the local or regional sense, but also on a global scale."

An obvious market for pictures from the three new satellites will be news organisations, especially those covering places where media are unwelcome or circumstances are dangerous. Depending on the type of order and accuracy needed, Ikonos-1 pictures could cost \$30-\$500 (£19-£185) per square mile covered, says Mark Brender, director of Washington operations for Space Imaging.

Another market is that of environmental compliance. Molly Macaulay, a senior fellow at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may be ordered by a government to turn off sensors while flying above security sensitive sites, or barred from disseminating photos taken over them, remain to be agreed.

Handling the data from the satellites is also a thorny issue. "Like fire hydrants in orbit, these satellites will pour out streams of data from the heavens," says Courtney Stodd, president of PixSell Data Brokers, based at the National Aeronautics and Space Administration's Stennis Space Center in Mississippi.

More work is needed, he says, to provide quick, accurate, and reliable processing and distribution of satellite images and data products to the customer. "With higher speed computers, the internet, rapid advances in automation and software, that's happening. No question."

According to Dr Williamson, the real challenge is moving "from image to information". Interpreting space-borne imagery has long been the duty of CIA analysts, teams of specialists in the US National Reconnaissance Office and other groups working in secrecy. Many of these experts, looking for jobs in the private sector, are sure to be in demand, he says.

Some issues, however, have yet to be addressed before satellite remote sensing becomes a readily available commodity. So-called "shutter control" rules, whereby commercial remote sensing satellites may

BUSINESS EDUCATION AWARDS

Keeping company with the campus

Recent mergers have enhanced the role of corporate universities, says John Authers

Corporate universities are often regarded as slick marketing devices for companies' training and human resources departments.

Give an institution the tag "university", and it sends a signal that training is being taken seriously.

The Corporate University Awards, run by Corporate University Xchange in New York, and sponsored by the Financial Times, are an attempt to do just that.

The most dramatic corporate events of the past year have removed any suggestion that corporate universities are peripheral.

Jurgen Schrempf, the chief executive of DaimlerChrysler, product of the audacious merger of Germany's Daimler with Chrysler of the US, started a speech in Chicago by asserting the importance of Daimler's corporate university.

The university seems to be his main answer to the most common criticism of the deal: it will combine two contrasting and possibly hostile cultures - in that it would be used to inculcate a new and common culture in the two companies.

The merger of Citicorp of the US with Travelers Group is also putting heavy emphasis on the corporate "university" concept. If the deal is to pay off in the long run, both merger partners must successfully sell the products produced by the other:

"cross-selling", a task that has hitherto proved maddeningly difficult when introduced by banks.

Joseph Plumeri, formerly chief executive of Travelers' PFS life insurance subsidiary, and now in charge of the Citibank branch network in the US, intends to use the PFS University, based in Atlanta, to retrain all Citibank branch employees to sell life insurance and investment products.

First Union, the fifth largest bank in the US, has provided a blueprint. Last year, it used First University to retrain all its branch employees in selling investments.

There are 1,600 corporate universities in the US, including 40 per cent of the Fortune 500 companies, and

The judges

Bruce Montgomery, chief executive, Michigan Virtual Automotive College.

Keith Gay, Thomas Weissel Partners, San Francisco.

Keith Williams, director of academic development, Open University, UK.

Jeanne Meister, president, Corporate University Xchange, New York.

John Authers, New York correspondent, Financial Times.

entries for the awards came from as far afield as Venezuela. Large UK companies, such as British Telecommunications, have recently launched universities.

The average operating budget for a corporate university rose from \$13m to \$17m last year, with a quarter of them attempting to minimise the financial burden on their parent organisation by offering courses externally. According to Corporate University Xchange's survey, 15 per cent have



operating budgets of more than \$50m. The average basic remuneration of a corporate university dean, for a sample of 130 mostly large North American corporate universities, is \$145,900.

Several of the largest universities that entered for the awards attempt to be profit centres for their companies, selling courses on the open market.

Technology is another driver. Online education makes it easier and cheaper for companies to provide training for all their employees. "Virtual" corporate universities are gaining in popularity, with 88 per cent using web-based technology.

A further problem employers must contend with is that employees no longer expect a "job for life", but do expect to gain extra skills and qualifications. Corporate universities aspire to offer true degrees, and the best way to do this is in partnership with conventional accredited universities.

It was against this background that the five categories for the awards were chosen.

An excellent corporate university should:

- Use technology to provide a seamless environment for learning.
● Develop and implement innovative marketing techniques.
● Build alliances with conventional universities.
● Measure the return on the organisation's investment in education.

The first two categories generated the most interest. Entrants had to provide a dossier of information, and make separate cases for each category. Almost 100 universities entered. These were vetted by Corporate University Xchange, with 26 reaching a semi-final stage.

Four out of the five winners came from the high-technology industry, where the need to keep the workforce up to date with technological changes is most obvious.

Several of the entries that came close to winning showed how corporate universities were being used to meet corporate targets. Defense Acquisition University, educating a US public sector organisation under acute pressure to tighten its efficiency, was one example.

Prudential Insurance of America, the largest mutual insurer in the US, which is preparing to become a publicly quoted company, is also using its university as a

vehicle for cultural change. Big financial institutions that reached the final stages included Chase Manhattan and Bank of Montreal, and on the industrial side, Siemens and Conoco.

The clearest trend to emerge was the sophistication with which the universities analyse their objectives, and demonstrate to senior management how they have been achieved.



NEWS FROM CAMPUS

Henley drops full-time MBA programme

Henley Management College in the UK has decided to pull out of the full-time MBA market and is dropping its programme that has been running for the past 18 months at Regent's College, London. Before that the full-time MBA was run at Brunel University, west London.

Instead Henley is running a modular programme in the City of London as well as its part-time programme at Henley. Its bread-and-butter MBA will still be the distance learning version of the programme. Henley: www.henleymc.ac.uk

capital firm Safeguard Scientific. At least 12 MBA students at Babson will be beneficiaries of the 1999 Kauffman Entrepreneur Internship Programme, which partners the students with high-growth, venture capital-backed companies for 12-week assignments during the summer.

The scheme is sponsored by the Kauffman Center for Entrepreneurial Leadership in Kansas City, Missouri, to the tune of \$71,000. Wharton: www.wharton.upenn.edu Babson: www.babson.edu

Washington backs centre

The Kanan-Flagler business school at the University of North Carolina at Chapel Hill has been given a three-year \$660,000 grant from the US Department of Education to establish a Centre for Business Education and Research (Ciber). There are already 28 Ciber schools across the US.

The centre will focus on 35 activities, including developing programmes for global learning and incorporating sustainable development into business strategies. Kanan-Flagler: www.bchschool.unc.edu

Cash spur for entrepreneurs

Eight teams will compete for more than \$40,000 in awards and prizes this week in an inaugural business plan competition organised at Wharton, at the University of Pennsylvania. More than 350 students participated in the scheme at the outset.

The winning team will receive \$15,000 in cash and a \$10,000 investment in the student team's business, provided by venture

information for News from Campus should be sent to Della Bradshaw, The Financial Times, One Southwark Bridge, London SE1 9HL. Tel: 44 171 873 4673 Fax 44 171 873 3950



BUSINESS EDUCATION

THE PREMIER MBA PROGRAMME MANCHESTER BUSINESS SCHOOL THE UNIVERSITY OF MANCHESTER UNIVERSITY OF WALES, BANGOR For Ambitious Professionals in Finance and Financial Management

The International Master's in Management An innovative executive MBA International in all dimensions: participants, locations, faculty, curriculum, case studies, projects and degrees

1999 GENEVA EXECUTIVE COURSES IN FINANCE For the past decade ICMB has built a solid reputation training executives from over 900 institutions and 84 countries in the latest asset allocation and risk management techniques.

THE AWARD WINNERS

Education is their business

TVA University (Tennessee Valley Authority): winner for outstanding business strategy to corporate learning.

TVA, one of the largest electrical utilities in the US, won the prize after a drastic overhaul of its training needs in 1994. The university was established after an audit revealed "disjointed training units, redundancy, little co-ordination or communication, and a general inability to create organisation-wide learning solutions aligned with business goals".

All employees had to learn about TVA's business challenges, its customers, and how it generated revenue. Executives drew up the curriculum, reviewed courses and visited classes. This ensured the university was teaching subjects in line with the company's goals. By requiring line managers to teach courses, the university also ensured that employees took it seriously.

The company demonstrated the cost savings achieved by moving to a single university for all its training. It reduced its trainee information systems from 12 to one, cut training contracts by 47 per cent, and reduced full-time training staff by 29 per cent. Spending on external training was also cut by nearly half.

Like most of the other winners TVA is big, with 35 locations spread across seven states in the southern US, teaching about 200,000 courses each year.

IDX Institute of Technology (IDX Systems): winner for developing alliances with universities.

IDX is a small software company based in Vermont. To offer a technical curriculum to staff and customers, it set up partnerships with technology providers and

local universities. This involved ensuring that the courses IDX taught itself were approved for credits within the partner university's curriculum.

For example, three courses in programming have been approved for credit in the computer science curriculum at the University of Vermont, while three of the company's instructors have adjunct faculty status at the partner universities can also take courses at IDX. The programme has already encouraged recruitment, generated revenue and allowed the company to shape the curriculum of its partner universities.

Its partners include the University of Phoenix, which offers courses transferable to a chain of campuses across the country, and three local institutions: Champlain College, the University of Vermont and Norwich University.

Dell Learning (Dell Computer): winner for measuring the value of investment in education. Dell narrowly beat First University in this category, which attracted the fewest entries. Measuring the value of education is critical, but also controversial and difficult.

Dell Computer is a direct selling organisation. Sales is an easier discipline to benchmark than many others and Dell Learning, set up in 1995, has developed some innovative measurement systems. Apart from sales, it also measures quality and productivity.

Dell won for conducting a series of cost-benefit tests on the return on investment from Dell Learning courses. The total cost of training 101 sales representatives was

\$41,208; between them they realised an incremental profit of \$279,265. This was equivalent to a return on investment of 676 per cent.

A separate study found that a "situational sales negotiation" course led to an increase in volume sales of 61.56 per cent.

IBM Corporate University (IBM): winner for using technology for a continuous learning environment.

IBM's corporate university is one of the largest in the world offering more than 10,000 internal courses. It is also a virtual institution, which despite its lack of bricks and mortar employs 3,400 professionals in 55 countries. It claims that its use of distance learning will create cost savings of more than \$100m this year as well as cutting disruption to employees' personal and professional lives.

IBM listed 84 separate online programmes in its entry. The IBM Global Campus offers more than 1,000 separate courses on the web.

Current offerings include GoingGlobal, which offers a web-based guide to doing business in 57 countries. Video JuiceBox offers the possibility to hold "live" meetings using audio and video. Lengthy clips of recent presentations are included. SalesCompass offers just-in-time training for sales representatives. If they need up-to-the-minute technical data on the global chemicals industry, it is available from this site. OneVoice, a distance education service for new recruits, lays out the company philosophy.

The university also offers educational CDs, and services allowing people to publish their own presentations on the web. A more advanced offering is distance

education for employees in collaboration with New York University and Pace University, both in Manhattan.

ST University (ST Microelectronics): winner for innovative marketing techniques.

ST Microelectronics, the only winner from outside the US, is a French-based manufacturer of semiconductors. It launched ST University to keep managers in different countries in tune, and to keep all employees up to date with technological developments. It won the prize for the imaginative way it has extended the university concept to involve its business partners and suppliers, to generate new business, and to raise its standing with customers and shareholders.

Its marketing plan included promotion forums, web advertising and conferences for employees, and regular rewards for the managers who best supported the university. Videos and CD-Roms, such as its "Siliconopolis" introduction to the silicon chip industry, are distributed both internally and to suppliers.

It has extended its university to all links in the company's supply chain, offering business partners the chance to participate in courses and set their own educational benchmarks. This has generated new business. Courses on the chip industry are an offer to financial analysts. More than 300 company employees, trained via the university, are on offer as ambassadors to be used as experts in external events.

Highly Commended: First University (First Union); Defense Acquisition University (Department of Defense); Bain Virtual University (Bain & Company).

sib SWISS INTERNATIONAL BANKING SCHOOL Banking management career Study in Switzerland More than ever, the global banking industry needs highly qualified bank management staff!

ELITE CHINA JUNIOR MANAGERS TRAINING PROGRAMME The European Commission is offering European managers aged 25-35 a unique opportunity to join the EU-China Junior Managers Training Programme.

Weekend Program in PARIS Graduate Degree in Management Graduate Certificate Program Fully Accredited American University BOSTON UNIVERSITY BRUSSELS

BUSINESS EDUCATION For information on advertising in this section please call Laura Romig on +44 171 873 3308 e-mail laura.romig@ft.com

INSIDE TRACK

SCIENCE BIOTECH COMPANIES

Europe expands on the gene map

A new generation of companies is setting out to challenge the US dominance of the sector, reports Clive Cookson

From gene hunting in Iceland to cancer research in Germany and nitric oxide drug development on the French Riviera, a new generation of companies is emerging in Europe to challenge US dominance of biotechnology. Twenty-six of the most ambitious unquoted companies presented their scientific credentials and business plans at the European Life Sciences Conference in Amsterdam last week. Most have set up within the past three years and all are aiming eventually for stock market flotation. Although there is great diversity among the companies, they do fall into recognisable groups with common features. The largest group is working in the broad field known as genomics - discovering how genes work together with environmental factors to cause disease, and using this genetic information to develop new treatments.

The entire biotech sector in Europe is only about one quarter the size of its US counterpart

European newcomers are trying to break into a field dominated by the large genome companies, such as Millennium and Inveit in the US and France's Genentech, which have been working for five years or more on large-scale gene mapping and sequencing. Trevor Nicholls, chief executive of Oxagen, says new entrants like his UK-based company can compete with the "technology-driven US genomics industry" through a double strategy. The first is to concentrate on specific genes and diseases, rather than tackling the whole human genome. Second, he says, "European companies have to focus on population-based studies, given Europe's favourable social and academic climate. Europe's healthcare systems should facilitate this, as socialised

probably the best-known company at the Amsterdam conference, both because it has a \$300m (£125m) gene discovery agreement with Roche - one of the largest collaborations in the biotech industry - and because its database plan has aroused furious objections from a minority of Icelanders who say it would violate their privacy and human rights.

According to Hannes Smarason, deCode's chief business officer, the controversy is beginning to die down, now that the Icelandic Parliament has authorised the creation of the database. The "publicity has given us good name recognition," he concedes, "though much of it was superficial and sensational," and the issues of privacy and consent are fundamentally the same for deCode as those facing other companies carrying out family-based genetic studies, such as Oxagen and Gemini. But Pascal Brandys, chairman of Genset, believes the wave of new genomics companies is passing. "Everyone is asking what is going to be the next big wave in biotechnology after genomics, but there is no clear trend or consensus about the answer," says Mr Brandys, who received the conference's annual Outstanding Service to Biotechnology award.

He mentions the central nervous system (CNS) as a promising field. "CNS is going to overtake cardiovascular drugs and become by far the largest market for the pharmaceutical industry," Mr Brandys says. "It is a field in which the pharmaceutical companies will need help from biotech."

One company set up to meet this need is CeNeS, based in Cambridge. What distinguishes CeNeS, says Martyn Collett, commercial director, "is that we have no scientific founder, which means that we are not wedded to any one scientific approach. We are free of the dogma that is attached to

Biotech companies: clusters of influence



Source: Ernst & Young

many biotech companies." CeNeS collaborates with whichever university research groups fit best with its business model: to develop diagnostic products and treatments for disorders of the CNS including schizophrenia, pain, Alzheimer's and Parkinson's disease. The company's main scientific collaborations so far are with Cambridge University and King's College, London. Cancer is another field that is poorly served by the established pharmaceutical industry - known as "big pharma" in the biotech sector - and several start-up companies are offering new approaches here. Cyclical, based in Dundee,

is a company with a big-name founding scientist: David Lane of Dundee University, who discovered p53, the best known anti-cancer gene. Cyclical develops drugs to prevent tumour cells proliferating, by intervening in the cell cycle that is regulated by genes similar to p53. Two German companies based in the Munich area, Micromet and Wilex, are developing drugs to destroy the metastatic cancer cells that are responsible for tumours spreading. But a few biotech companies at the Amsterdam conference (sponsored by Ernst & Young and Atlas Ventures) are in a field of their own. For example NiCox,

based on the Sophia Antipolis science park near Nice in the south of France, is the only European company specialising in drugs that release nitric oxide - a gas recently discovered to play a powerful biological role. NiCox has one direct competitor in the US, Massachusetts-based NitroMed. As the annual Ernst & Young survey showed last week, the entire biotech sector in Europe is still only about one quarter the size of its US counterpart but it is growing twice as fast. If the latest generation of start-ups lives up to its promise, the European dream of transatlantic parity in life sciences could come true.



LUCY KELLAWAY

Just the job for a striker

Work is no longer dull. The message for the millennium is that it's one big football game

In the old days work was a bitch. You toiled away in noisy factories. You were treated as a commodity. Your boss was a bellowing bully. You clocked in and out. Your task was repetitive and dull, dull, dull. But in these new, improved times, work is fun, fun, fun. It is one great big enjoyable team game, in which happy knowledge workers face challenges and develop their core transferable skills.

If you are reading this on a crowded train, fretting about the stressful tasks ahead, you may have difficulty buying in (as we say in the modern world of work) to this notion.

But the above vision of the past and future is official. It is what millions of visitors will see when they visit the Millennium Dome being built in London. The Work Zone will be divided into rooms, the first representing the past - noisy, oppressive, etc. etc. - and the next the present/future. This room will be dominated not by an open-plan office space, but by the world's biggest game of table football.

Doesn't sound quite like your workplace? That's because you are too literal-minded. The game is not meant to remind you of how you would rather be playing football than working: it symbolises the importance of teamwork. In the Work Zone there will be many symbols, most either inaccurate or unfortunate. Take the outsized personal organiser, which is bigger than you are. To me, this neatly suggests we are becoming slaves to our electronic "helpers".

Or take the giant paper shredder, which is meant to indicate that paper is becoming a thing of the past. This does not seem apt, given that technology has so far made us more, rather than less, attached to paper. Work has always been good and bad in bits. It has never been particularly nice to be at the bottom of the pile; fun, challenge and transferable skills are as alien now as they always were. It is a moot point whether it is better to be a modern worker at McDonald's (sponsor of the Dome) or a factory worker 40 years ago. In some ways humble working life may have deteriorated - at least in the old days there was some camaraderie, which I see little sign of at the local McDonald's as the staff slam another couple of Happy Meals on the counter.

A colleague has sent some useful office phrases from the US, which tell me more about the new world of work than any number of table football games. "Thank you. We're all refreshed and challenged by your unique point of view." "I'm out of my mind, but feel free to leave a message." "My toys!

My toys! I can't do this job without my toys." And (my favourite): "I don't work here. I'm a consultant."

What does "culture" mean at work? I used to think culture was about the way-we-do-things-round-here. How wrong I was. This is how Fons Trompenaars, a management guru, described it at an Institute of Personnel and Development conference. "Culture is a dynamic process of solving human problems... In the workplace this means balancing the competition that exists between universalism and particularism, leading to the adoption of central guidelines capable of local adaptations and discretion." So now we know.

Every writer of self-help books knows that when you've come up with a winner, you milk it. Think of John Gray, who has churned out endless variations since the rip-roaring success of *Men Are From Mars, Women Are From Venus*. Yvonne Sarch has tried the same trick with her book, *How to be Headhunted*. Next came *How to be Headhunted Across Europe*, and now she has come up with *How to be Headhunted Again and Again*. I think she has finally lost the plot. Getting headhunted again and again is my idea of perfect hell: surely the point is to find a job that you like enough to stay put.

A couple of weeks ago I wrote about awards, in particular about how best to compose your face when you find out you haven't won one. But I now see I should have focused on teams rather than individuals. I have been reading about ICI Petrochemicals' very own Oscars ceremony in Horizons, its must-read in-house mag. Here are pictures of smiling teams winning prizes for such things as Empowered Teamwork, Rigorous use of Tools and Techniques, Learning from Others and Sharing the Learning. Surely there is an award missing in this long list of worthy achievements? Where is the team Table Football award?

lucy.kellaway@ft.com

INFORMATION TECHNOLOGY WEB NEWSPAPERS

Authentic addition to online editions

Have your favourite parts of a newspaper delivered electronically in traditional style, says Avi Machlis

As more newspapers publish online editions, many are struggling to recreate the authentic newspaper "experience" that often gets lost when bold headlines become bland blue hypertext links. Yet at the same time, increasing numbers of readers turning to the internet for free news have left publishers worried about the potential erosion of revenues from print editions.

"Our bet is that people coming on the web now are less technologically oriented," says Drew Tick, InfoPager chief executive. "They would much rather read a newspaper that looks like this and print it out than click through a web edition." After a user has installed InfoPager's software and subscribed, a client newspaper can be downloaded into about five minutes on a 28,800 bit modem. With a few mouse clicks the edition can be personalised - dropping any unwanted sections - and delivered at a certain time daily. The newspaper is laid out in traditional style and, because it is downloaded, pages are turned instantly without the wait

typical of web newspapers. InfoPager is also trying to solve cultural problems. Japanese newspapers can be reformatted to appear in the standard vertical *tabakaki* format, which cannot be supported by standard HTML (hypertext mark-up language) technology. For newspapers, InfoPager does not interfere with the working environment since it hooks directly into the pre-press system. "The entire layout of the newspaper is done automatically," says Mr Tick. "That means on the production side there is no extra work."

In addition, unlike abridged newspaper web sites, InfoPager editions carry complete contents of the print newspaper, making it eligible for inclusion in circulation figures according to Audit Bureau of Circulation, the international agency that verifies circulation figures for advertisers. And advertisers can push their products with the latest in multimedia. So far, only Reuters and

the Jerusalem Post, an English-language Israeli daily, are offering subscribers an InfoPager edition. After investing heavily in their internet editions, some newspapers are still reluctant to invest between \$50,000 and \$250,000 for the one-off customisation, licensing and a share of subscription revenues.

'It looks like a newspaper - not a web site - and even makes a familiar crinkly sound when pages are turned'

But Steve Dienna, global segment executive for publishing at International Business Machines, who is helping InfoPager penetrate markets, says this is because

InfoPager is ahead of its time. "Two years ago, the subscription model was solid, but since then, more and more people have been getting content for free on the web," says Mr Dienna. "The swing of the pendulum is going back to the subscription model, but beyond just news, readers will want profiled information for the end user. People will be willing to pay for that."

InfoPager hopes to hammer this point home with a product it will launch next month called *newZPrint*. A free download of the beta version (www.newzprint.com) allows users to pull excerpts of selected internet news sites in newspaper format without the newspaper's consent. Mr Tick insists this is legal: "We are not carrying any content with our product. End user licences allow users to download information for personal use." *newZPrint* may turn out to be a clever marketing scheme, as it reminds publishers of the internet threat. "Let's not forget," says Mr Tick, "newspapers are losing money on the web."



Read all about it: The Jerusalem Post offers an InfoPager edition

Heathrow to Central London in 15 minutes

Heathrow — London Paddington in 15 minutes, every 15 minutes

The next time you travel between Heathrow and Central London, use Heathrow Express, the new non-stop, high-speed rail link between the heart of London and the airport. It takes just 15 minutes and if you are travelling with hand luggage only you can check in at Paddington Station. From 23 June 1999, you will be able to check in all your luggage at one of 27 airline desks at Paddington - the largest city centre check-in facility in Europe. Tickets are available from our ticket machines, ticket offices, Central London Underground stations and outlets displaying our sign. For more information visit our website: www.heathrowexpress.co.uk or call +44 (0) 845 600 15 15.

Famous for 15 minutes

سكننا من الاصل

THE ARTS

OPENINGS



NEW YORK In what must rank as one of the wonders of modern concert planning, two new works by Sofia Gubaidulina (left) are being played in New York on Thursday...

LONDON The Barbican's extensive St. Petersburg season begins on Friday with an exhibition highlighting the remarkable collection of modern art held by the State Russian Museum...

PARIS Rameau's Platée, long absent from the Paris stage, returns to the Palais Garnier on Wednesday in a new production conducted by Marc Minkowski...

GENEVA The first night of Das Rheingold on Friday marks the start of a new Ring at the Grand Théâtre. Armin Jordan conducts a staging by Patrice Chéreau...

BEIJING London's Royal Ballet continues its Far East tour this week, arriving in China on Wednesday. Two gala programmes at the Exhibition Centre Theatre are succeeded by a short run of Romeo and Juliet...

Serenaded by the Girls Choir of Harlem and blessed by Rudolph Giuliani, the mayor of New York, Christie's opened its new auction house at the Rockefeller Center in the very heart of Manhattan. Friday's launch was a momentous occasion, both in reality and implication...



Tight faced: Christie's has become more secretive since its acquisition by François Pinault

Christie's ups the stakes

A new auction house is the latest salvo fired in the battle with Sotheby's, writes Antony Thornicroft

New York. All the floors will be linked by escalators and, like Christie's, all the works of art for sale will now be stocked in situ. The sixth floor, for example, will house Old Masters and 19th century paintings...

Jock Whitney to boost its auctions in May, the key selling month in New York. Among the art is a Cézanne still life and a rare Seurat, both estimated to make up to \$35m...

name of harmonisation are putting extra burdens on the London art trade but mainly because the big buyers and sellers are now American. The auction houses are truly global and jump to the commands of their customers...

Christie's and Sotheby's battle for advantage like old tennis pros. 1998 its total sales were \$1.9bn. The main enemy of the battle raging in New York is thousands of miles away - London...

Perhaps it will not matter. Both salerooms are diversifying rapidly. Auctions of top quality items will still bring in much of the profit, but their new Manhattan flagships will also be educational centres, galleries where art is sold off the wall...

MUSIC IN NEW YORK ZIMMERMANN'S REQUIEM

Multi-layered ode to chaos

It was the sort of cultural event New Yorkers love - an event fraught with extra-curricular meaning. Thirty years after its momentous German premiere, Bernd Alois Zimmermann's Requiem for a Young Poet was receiving its first performance in America...

tortuous socio-political-aesthetic meanderings into a polemic that lasts little over an hour. The result is exhausting. Also frustrating. Zimmermann predicated his cry of despair on a collage technique. Sound patterns are carefully piled on sound patterns...

INTERNATIONAL Arts Guide

AMSTERDAM DANCE Het Muziektheater Tel: 31-20-551 8911 La La La Human Steps: the Canadian dance company in 'Salt'; Apr 26, 27, 29

BALTIMORE OPERA Baltimore Opera Company, Lyric Opera House Tel: 1-410-625 1800 Andrea Chenier; by Giordano. Conducted by Marco Armiliato in a staging by Bernard Uzan; Apr 28, 30

CHICAGO CONCERT Orchestra Hall Tel: 1-312-294-3000 www.chicagosymphony.org NHK Symphony Orchestra: conducted by Charles Dutoit in works by Gubaidulina, Sibelius and Prokofiev, with violin soloist Sarah Chang; Apr 27

LONDON CONCERTS Barbican Hall Tel: 44-171-638 8891 Ariadne auf Naxos; by R. Strauss. Concert performance conducted by Richard Hickox, with a cast including soprano Christine Brewer...

MADRID EXHIBITION Fundación Juan March Tel: 34-91-435 4240 Kurt Schwitters and the Spirit of Utopia: paintings, drawings, collages and photographs by the German avant-garde artist, from the period 1918-1947...

PARIS EXHIBITION Grand Palais Tel: 33-1-4413 1730 Un ami de Cézanne et de Van Gogh: le docteur Gachet (1826-1909). Exhibition devoted to the doctor and painter who was a friend to Cézanne, Picasso, Monet and Renoir...

VIENNA CONCERTS Konzerthaus Tel: 43-1-5870 5040 Vienna Radio Symphony Orchestra: conducted by Ulf Schirmer in a concert performance of J. Strauss's Der Lustige Krieg; Apr 29

OPERA Netherlands Opera, Het Muziektheater

BONN EXHIBITION Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-917 1200 Composition on the table; interactive musical installation by

HOUSTON OPERA Houston Grand Opera, Wortham Center Tel: 1-713-227 2787

OPERA English National Opera, London Coliseum Tel: 44-171-632 8300 Mefistofele; by Boito. Conducted by Oliver von Dohnányi in a new staging by Ian Judge; Apr 27, 29

MUNICH CONCERTS Philharmonie Gasteig Tel: 49-89-5481 8181 Munich Philharmonic Orchestra: conducted by Gerd Albrecht in works by Sibelius and Allan Pettersson; Apr 30

ROME EXHIBITION Palazzo delle Esposizioni Tel: 39-06-474 5903 Algardi: The Other Face of the

TV AND RADIO WORLD SERVICE BBC World Service radio for Europe can be received in western Europe on medium wave 648 kHz (463m)

COMMENT & ANALYSIS



MARTIN WOLF

Back to the future

The pessimistic forecasts of last autumn failed to appreciate that the UK economy has returned to the stability of the postwar era

Last autumn, many thought the UK economy was about to tumble into a deep recession. It now appears those forebodings were wrong. If so, the UK will have enjoyed something it has not experienced for three decades - an expansionary party that did not end in tears.

The chief reason for last year's pessimism was the collapse in business confidence. In the last quarter of 1998 replies to the Confederation of British Industry's confidence survey were gloomier than in 1990 and almost as depressed as in the darkest days of 1980 and 1974.

The UK suffered serious recessions on those three previous occasions. It was not unreasonable therefore to fear another was on the way. Business pessimism is, after all, a self-fulfilling prophecy. Yet the most important reason for the pessimism, apart from the turmoil triggered by Russia's default, must have been previous experience. A strong economic expansion had ended in lamentation three times since 1970. It had become difficult to believe things could be different.

In the strip cartoon Peanuts, Charlie Brown is often shown trying to kick a ball held by his friend, Lucy. Every time he runs up to kick, she takes the ball away, whereupon he falls backwards, painfully. Charlie Brown never learns; British business has.

negative economic growth was rare (see chart). The UK enjoys a chance of returning to the stable growth of that vanished golden age. But a chance is not a certainty. Among the obstacles to seizing it is the inability of business to believe it. The prompt action of the Bank of England's monetary policy committee in cutting the base rate of interest by 225 basis points from last October may succeed in ending such pessimism.

In his magisterial study of recessions, published last year, the late Christopher Dow brought out how different things can be. Dow identified five "major recessions" in the UK economy since 1920: 1920-21; 1929-32; 1973-1975; 1979-1982; and 1980-83. In each case, bar one, output at its trough was more than 10 per cent below its trend level. The exception was 1973-75, when output was "only" some 8 per cent below trend. Strikingly, these recessions all fell into one of two periods: the inter-war years and then after 1973.

Low inflation means the second of those long periods of instability may now be over. Dow argues that there are two possible causes of a

big recession: a negative external economic shock; or a domestic inflationary boom. Each of the three big recessions since 1970 reflected the combination of these two causes, with excessive domestic demand particularly important in the run up to 1973-75 and 1980-83.

What made excess demand especially significant in those years was the speed with which it was translated into high inflation: between the Korean war boom and 1970, UK retail price inflation rarely exceeded 5 per cent. But it started to soar in the early 1970s, reaching 27 per cent in 1975, then 22 per cent in 1980 and 11 per cent in 1980. The need to control each of these (successively lower) spikes in inflation largely explains the three deep recessions.

What is different this time is that there is no longer any such need. Inflationary pressure, while present in 1997 and 1998, has been modest by the standards of the past three decades. That, in turn, is why the MPC was able to respond to signs of a slowdown with such alacrity. It appears that the UK economy managed to grow 0.1 per cent in the last quarter of 1998 and the

first quarter of this year. Renewed expansion is now probable. If this does prove to be the case, this will be a growth recession, similar to those of the 1950s and 1960s.

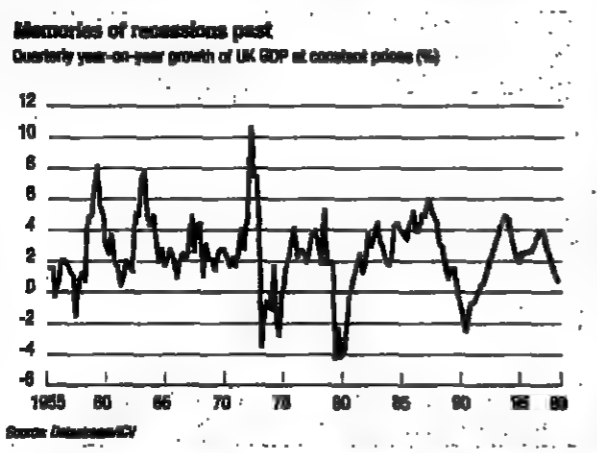
In its latest World Economic Outlook, the International Monetary Fund expects just that: the economy is forecast to expand by 0.7 per cent this year and 2.1 per cent in 2000. This is a modest downgrading of its forecast of last December, which was for growth of 0.9 per cent this year. The WEO also forecasts inflation at close to the government's target rate of 2.5 per cent.

At turning points, forecasters tend to differ. Some argue that inflation is set to fall below target. Goldman Sachs, for example, expects the inflation target to be undershot by 0.5 percentage points next year, with base rate falling to 4.5 per cent. Others are more optimistic about the economy (or pessimistic about inflation): Morgan Stanley forecasts no undershoot of inflation and base rate at 5 per cent this summer and 6 per cent at the end of 2000.

Such divergences fall well within any reasonable margin of error in forecasting. What matters far more than forecasting accuracy (which is largely a matter of luck) is whether policymakers are in a position to react to news, as it arrives. What makes the present state of the UK economy encouraging is that they can do just that.

No doubt, the MPC will make mistakes. But the central point is that the past three decades of extreme economic instability should, with luck, remain in the past. This does not mean there are no big risks: an inflationary decline in sterling is one; a deep recession in the US triggered by an equity market collapse is another. But there is an excellent chance that cycles will once again be the modest events of the 25 years after the second world war. Now all people need to do is believe it.

* Christopher Dow, Major Recessions: Britain and the World, 1920-1995 (Oxford University Press, 1998) Martin.Wolf@ft.com



LETTERS TO THE EDITOR

Corporate US supports China's WTO accession

From Mr Sy Sternberg. Sir, The public policy debate that has surrounded the Chinese Premier Zhu Rongji's visit to the US has raised legitimate questions about China's intentions on how the US should interact with the world's most populous nation. Given the seriousness of the issues regarding US national security, Asia-Pacific stability, and human rights and religious freedom in China, it is understandable that reasonable and responsible voices have questioned the basis of US-China relations. Some have suggested that these concerns are sufficient reason not to engage China on other fronts, nor to proceed with China's WTO accession. I believe this a false choice. Few business decisions or decisions in one's

life are black and white and I believe leaders in the business community and the American public will reject this "either/or" mindset. The real choices confronting the US and China today are complex and nuanced. The common ground that has been achieved on economic and commercial issues with China should not be thwarted or held hostage to other important but unresolved issues. In fact, moving forward in areas where both sides can and do agree might well improve the chances of success on other issues where agreement has not yet been achieved. The recently announced progress on China's WTO accession represents an historic breakthrough in US-China economic and commercial relations. There is a

certain irony that this progress has occurred at a critical juncture in our relations with China. Nonetheless, the agreement demonstrates the determination and vision of the negotiators on both sides. For China, this agreement will advance its economic development and will benefit Chinese consumers with lower prices and a wide array of services from world class companies. For the US, the export potential to 1.2bn people will finally be realised. The most immediate goal of the president and Premier Zhu must be to resolve the remaining issues and to quickly press forward to complete the China WTO accession process. Congress in turn must recognise the value of this agreement and act to grant China perma-

nent Normal Trade Relations status. We in the business community, therefore, are committed to an active public campaign to support the president and Congress in these efforts. We must maintain the current momentum and direct it toward the creation of broad public support for bringing China within the rules of the world trading system. This is the time for responsible leaders in the business community to ensure that a broad coalition of American exporters, farmers and workers makes known its strong support for this goal. Sy Sternberg, CLU, chairman, president and chief executive officer, New York Life Insurance Company, 51 Madison Avenue, New York NY10018, US

Weak link between the euro and war

From R.W. Leow. Sir, There were two conflicting headlines in your edition of April 21. The first was "Euro becomes a casualty of Balkan war"; the second was "A strong pound could send deficit soaring". With respect, both cannot be true, for few will dispute that the UK is more involved in the Balkan war than any euro-zone country. Surely then the pound should also weaken with the euro? The fact is that the Balkan war has had little effect yet on the economies of Europe, and the weakness of the euro is due to the economic and political policies primarily of France and Germany. Let us call a spade a spade.

R.W. Leow, Giles House, Little Switzerland, Douglas, Isle of Man IM2 6AP, UK

Ineffectiveness of economic sanctions underlined

From Mr Brett Wagner. Sir, The US Congress is currently considering the Sanctions Reform Act of 1999, legislation that could profoundly alter the manner and frequency with which the US imposes economic sanctions. The Act was introduced last month in both houses of Congress and enjoys broad bipartisan support. It is likely to reach the president's desk this year. As documented in a report by the Centre for Strategic & International Studies, unilateral economic sanctions are among the least effective foreign policy instruments. They frequently fail to change the behaviour of the offending country; they often isolate the imposing country more than the target country itself. Moreover, the globalisation of commerce, communications, industry and technology will prove such unilateral

approaches less effective in the future. The report argues that US diplomacy should be based on comprehensive and continuous engagement. While disagreements between nations do occur, ruptures in diplomatic relations, economic activity and cultural exchanges should be rare. Furthermore, Washington policymakers should enlist US allies and the target state's trading partners in sanctions regimes. A pledge by the US to avoid extra-territorial provisions in future sanctions law would certainly advance this effort. Brett Wagner, policy analyst, Unilateral Economic Sanctions Project, Centre for Strategic & International Studies, 1890 K Street NW, Washington DC 20006, US

Volatile mix

From Mr Peter Hutton. Sir, Ronald Hampel complains that the interaction of analysts and media "creates real problems for management" (April 22). Presumably this difficult environment is a justification for the high pay packets he advocates in the rest of the speech. I wonder which would he have preferred to do without?

Peter Hutton, 5 Verschoyle Mews, Dublin 2, Ireland

Battlefield

From Mr Alex McLaren. Sir, I voted Labour to save the NHS and for Labour to provide an education for my children. I did not vote for a Tony Blair who would waste millions on a useless war in a faraway country.

Alex McLaren, 16 Canobie Road, London SE23 3AP, UK

PERSONAL VIEW DAMON BRISTOW AND JONATHAN EYAL

Kosovo's Tibetan parallel

The west has largely ignored China's opposition to military intervention in the Balkans - but Beijing's views will need to be heard before the conflict can be resolved

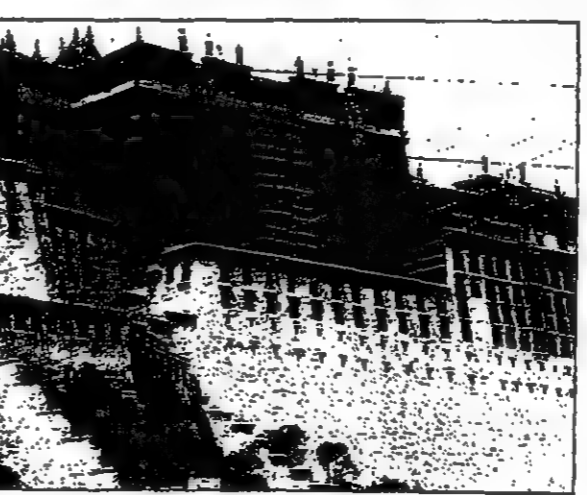
Tensions between western leaders and the Kremlin over the conduct of the war in Kosovo featured prominently at Nato's 50th anniversary summit at the weekend. But one issue not addressed in Washington may prove to be just as important: the reaction of China to the western action.

Beijing shares Moscow's steadfast opposition to the use of military force in the Balkans. However, while Moscow's support for the Serbs and the consequences of its opposition to the bombing campaign have been the subject of close scrutiny in Europe, China's objections have been largely overlooked. That may prove foolish, for the Chinese reaction to Nato's operation is more subtle and, in many respects, more enduring.

Unlike the Russians, the Chinese cannot claim close relations with the Balkan region, although during the cold war Beijing supported Yugoslavia, Albania and Romania in the defiance of the Soviet Union. Nor did the Chinese expect to be consulted during the various phases of the Yugoslav war. While Russia was a member of the so-called Contact Group of countries dealing with the conflict, Beijing remained on the sidelines, while routinely abstaining in the vote on many Yugoslav resolutions adopted by the United Nations security council. Instead, two other developments have propelled China into action.

The first was the creation of small, poor and vulnerable countries out of the ruins of Yugoslavia. Inexperienced and strapped for cash, these countries proved to be easy prey for Taiwan's campaign to gain international recognition. The sight of Taiwanese diplomats offering cash in return for establishing diplomatic relations with Yugoslavia's successor states riled Beijing.

Taiwan, still regarded by China as a renegade province, scored an important triumph earlier this year when Macedonia recognised it and even agreed to host an official Taiwanese visit at the



Tibet: China fears Kosovo will set a precedent. Sarah Murray

rank of foreign ministers. China's response was prompt: it amounted to a veto over a routine security council resolution to extend the mandate of peacekeepers in Macedonia. The episode was almost ignored in the western media, which remained concentrated on the Kosovo crisis. But it did not escape the attention of Slobodan Milosevic, president of Yugoslavia. One of the reasons advanced by Yugoslavia for the seizure of three US soldiers apparently on Macedonian territory was that the soldiers' presence was illegal, since their UN mandate had expired.

Characteristically, the Chinese are unwilling to become Mr Milosevic's pawns; unlike the Russians, therefore, they have not tried to offer Yugoslavia any direct support. Nor have Chinese officials rushed to Belgrade to suggest various peace schemes. But Chinese opposition to the Nato operation in the Balkans remains just as implacable. And the Chinese are biding their time, suspecting that they may be able to exact their revenge when western governments come to the UN to gain approval for any Kosovo peace deal.

The Chinese are deeply disturbed by the notion that any group of countries can decide to intervene in what they consider internal affairs of other countries - parallels between Tibet and Kosovo are too great.

Clearly, Beijing knows that no country would consider military action on behalf of the people of Tibet. But, as great sticklers for protocol, the Chinese are just as impressed by legal precedents as by practice. More importantly, Beijing is concerned about Nato's future global role. Over the past year, Chinese diplomats have regularly expressed concern about the alliance's decision to move from its old job of safeguarding the security of its member states towards a "new strategic concept".

The Chinese have made clear that they view the new strategic concept as a menace to their own security. Beijing has watched with alarm as the alliance forged relations with countries such as Kazakhstan, which has chosen to associate itself to Nato through the Partnership for Peace programme.

To any European politician, such fears may seem far-fetched. Although Nato has acted in Yugoslavia - thereby establishing the precedent for intervention in non-member states - no one envisages a wider geographic remit for the alliance. The Europeans and the Americans have vastly different positions over conflicts in the Middle East and north Africa and it is hard to see how the alliance can operate even further afield. Furthermore, despite some mutterings by French and British politicians about how

Europe should contribute more actively to Asian security, the fact remains that the European members of Nato do not envisage active military operations there. But Chinese fears lack a longer-term view. Beijing has noted the US desire to forge regional alliances with Japan and South Korea very much modelled on the Nato pattern. It has also noted the possibility that - at least in legal terms - countries such as Kazakhstan and Russia will now be able to demand a formal process of political consultation with Nato in times of crises.

And, finally, the Chinese are struck by the way democratic societies can be influenced in warfare. The sight of the Albanian refugees has changed Nato's war aims from those of simply seeking an autonomy for Kosovo to those of almost guaranteeing its independence. Could not a similar process be repeated if there were public demonstrations in Taiwan demanding the island's formal declaration of independence, or if there were more bloody riots in East Timor and in other parts of Asia?

Nato's apparent inability to take into account Beijing's feelings does not bode well for the future. The irony is that while the US, Britain and others in the alliance pay lip-service to China's growing economic, political and military power, and talk about the importance of "engaging" Beijing, when push comes to shove China's word carries little weight in most western capitals.

Unlike the Russians, the Chinese have never made a bold claim to exercise a veto over Nato's activities. But Beijing will have to be heard when Nato turns to the UN for the final settlement of the Kosovo conflict. Western governments will then be in for a surprise. If Nato wishes to act on the global stage, it must be prepared to think globally as well.

Damon Bristow is head of the Asia Programme and Dr Jonathan Eyal is director of studies at the Royal United Services Institute for Defence Studies in London.

Advertisement for Swissair featuring a large image of a man's face with the text "I wonder if people are getting closer?". Below the image, it says "Fast. We've added over 500 new flights every week!" and "Connecting people in more than 300 destinations world-wide." The Swissair logo is at the bottom. At the very bottom, it says "For booking and information, or to get our new timetable, visit www.swissair.com or call your travel agent."

Handwritten Arabic text at the bottom of the page: "مكتبة الامم المتحدة"

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 822188 Fax: +44 171-407 5700

Monday April 26 1999

The G7 after the storm

Although Japan and much of the developing world will suffer recession this year, the mood at today's meeting of Group of Seven finance ministers and central bankers will be measurably lighter than during the dark days of last autumn. But manias, panics and crashes are the nature of the financial market beast. At some point, there will be another crisis. The question is whether anything has been learnt from this one.

The financial storm which started with Thailand's devaluation in July 1997 and which - with signs of recovery in Brazil - appears to have blown itself out, was the result of the fickleness of the hard. Investors piled into east Asia at the start of the decade with scant regard for risk.

When the mood changed, investors bolted in the opposite direction with equally scant regard for economic fundamentals. Small economies can be overwhelmed when large financial institutions make fractional adjustments in their global portfolios.

The G7 has taken some steps to shore up the world's financial system. Progress has been made in introducing greater transparency and codes of best practice. The global stability forum, by bringing together financial regulators, should help limit the kind of euphoric bubble which burst so dramatically in Asia. The much discussed contingent credit facility may help limit contagion, and reports on risk management

and highly leveraged institutions may yield change.

But the message of today's G7 meeting will be that - when the next crisis strikes - poor countries are on their own. Rich countries are not going to do anything about their banks. The institutions are too powerful. The interests are too vested. The moral hazard problem will not go away.

Therefore, emerging markets must take their own precautions. This means financial transparency, closely regulated and honest banking, fiscal prudence, prudential reserves and sustainable exchange rate regimes (which, the IMF now acknowledges, rules out adjustable pegs).

Crucially, there should be no perverse distortions which encourage risky short-term capital flows, rather than more desirable long-term lending, equity flows, and direct investment. If the west will do nothing to make its banks safer, developing countries must limit domestic exposure through curbs on short-term foreign currency liabilities. The alternative is to sell the banking sector to foreigners.

Policy-makers in emerging markets must take these lessons to heart. International capital markets can finance development, but the events of the last few years have knocked development back in many parts. There will be more manias, more panics and more crashes. The G7 has taken some steps. Developing countries must do more.

Nato's caution

Once it became clear that Nato's 50th anniversary summit would be dominated by unfinished business in Kosovo, its outcome was doomed to a confusion of objectives. In the event, it turned out to be neither a very determined council of war nor a very visionary look to the future. It must be hoped that it has still done enough to demonstrate to Slobodan Milosevic that he cannot hope for any early relief from the bombing of Yugoslavia, unless he uses for peace and lets the refugees return.

The 16 Nato member states managed to agree in Washington to carry on, and even intensify, their aerial bombardment. But they stopped short of any thorough consideration of the use of ground troops to follow it up. Their excuse was that any such debate would have been a tacit admission of failure of the air war. That is too feeble.

Ground troops will have to be used to chase Kosovan refugees back to their homes, at the very least. They may face on-again, off-again Yugoslav hostility, even after an intensified bombing. Western public opinion should be prepared for that. And Mr Milosevic must be made to realise that he faces a threat on all fronts, and not simply that of bombers and fighters flying at 15,000 feet.

The reality is that many Nato members still entertain doubts

about the use of ground troops for anything but peace-keeping, after a total surrender. Some are also hesitant about enforcing a total oil embargo for fear it could be seen as an act of war by the likes of Russia.

On one level their hesitancy is reassuring. It proves once again that Nato is an organisation of peace-minded democracies, not a war-mongering alliance. That is the extraordinary achievement of its first 50 years, and the justification of its continued existence. But it does make the determined prosecution of war much more difficult.

The summit also approved a new strategic concept, designed to give the alliance a purpose for the 21st century. It includes use of Nato forces in out-of-area actions - like Kosovo - without necessarily seeking the prior approval of the United Nations. It refers to the vague concept of preserving security in the "Euro-Atlantic area". And it would allow European Union members to conduct their own defence initiatives with Nato support.

Those ambitions are all very well. They assume a successful conclusion to the war in Yugoslavia, and a willingness to do the same thing again. That may require more determination than some members demonstrated in Washington. Until then, the new strategic concept can be no more than "work in progress".

Unruly union

Elections always seemed the most likely outcome of India's latest political crisis, despite the best - and desperate - efforts of Sonia Gandhi to form a government. But the timing is far from convenient. With the monsoon season, it looks unlikely that they can be held until September. India is thus probably set for a longish period of caretaker government, during which it will be difficult to mount any new policy initiatives. Economic reform will stop, just when the business community thought the government was finally getting to grips with some of the country's intractable problems. Worse still, the chances of any speedy resolution to the controversy surrounding India's nuclear test look slim.

It would be easy at this point to dismiss India's democracy as flawed. But this would be unfair. The willingness of politicians such as Atal Behari Vajpayee to step down when they lose a confidence vote is a sign that democracy is deeply entrenched, which is ultimately good for stability. Moreover, the present upheavals are a natural part of a long-term transition to coalition politics. The imperial style of the Congress party, which dominated much of the last half-century, is giving way to a multiplicity of regional parties that must work together to provide stable government at the centre. The interregnum will be a useful test of the

presidency in managing the more volatile environment. It also will give the main Congress and Bharatiya Janata parties the opportunity to plan how to select coalition partners and work with them on the formation of policy.

That this can be done even in India's chaotic environment is shown by the relative success of the United Front coalition formed in 1996 by H. Deve Gowda. Thanks to strong leadership and a conscious effort to involve senior regional figures in decision-making, it hung together longer than many expected. India will benefit if this is the lesson the main parties learn from the current crisis. But it is unclear how far it will sink in, especially with Congress, which has been slow to understand that it can no longer behave as if it had a monopoly right on power.

Its recent approach has been opportunistic, bringing down coalitions when they seemed to be going reasonably well. This is a high-risk tactic. Her manifest difficulty in forming a government has not enhanced Mrs Gandhi's standing. If, having played the Gandhi card, Congress does badly at the polls, it will have inflicted on itself a blow from which it will be hard to recover. Mrs Gandhi, and India's other leaders, need to understand that coalitions work best when there is a genuine willingness to share power.

Making connections

National telecoms monopolies are planning huge mergers to head off competition and smaller rivals bent on breaking up their empires, write Richard Waters and Alan Cane

If there were any doubts about the imperialistic tendencies of the modern telecommunications executive, they should have been dispelled by the events of the past week. The round of mergers between already-gigantic companies has reached an unprecedented level before long. It seems, most individuals and businesses in Europe and the US will be citizens of these vast communications empires.

The planned union of Deutsche Telekom and Telecom Italia, if consummated, would create a combine with 100m customers, and a declared intention to extend its reach to millions more. American Telephone & Telegraph, with 78m residential customers already, would end up owning cable television networks that pass the homes of nearly a third of all Americans. If last week's unsolicited \$58bn bid for MediaOne is accepted.

Other empire-building mergers are already in the works in the US. Two giant US local telephone companies - one assembled from the old networks of Bell Atlantic, GTE and Nynex, the other from SBC Communications, Ameritech and Pacific Telesis - will each end up controlling one-third of the country's nearly 200m telephone access lines, provided regulators do not object.

On a smaller scale, but no less surprising than the proposed Deutsche Telekom/Telecom Italia marriage - the state-owned national operators of Sweden and Norway have agreed to create a single company which threatens to dominate communications in Scandinavia.

Furthermore, the cellular phone business has not escaped what amounts to the biggest round of takeovers and mergers ever mounted in any industry. In January Vodafone, the UK operator, acquired AirTouch of the US, giving it huge geographic reach and global branding.

Superficially, many of these proposed unions are driven by purely local concerns - AT&T's need for direct access to customers as it goes through the transformation from long-distance carrier, pure and simple, to full service communications group; Telecom Italia's struggle to escape the attentions of Olivetti, an unwelcome and unwanted suitor.

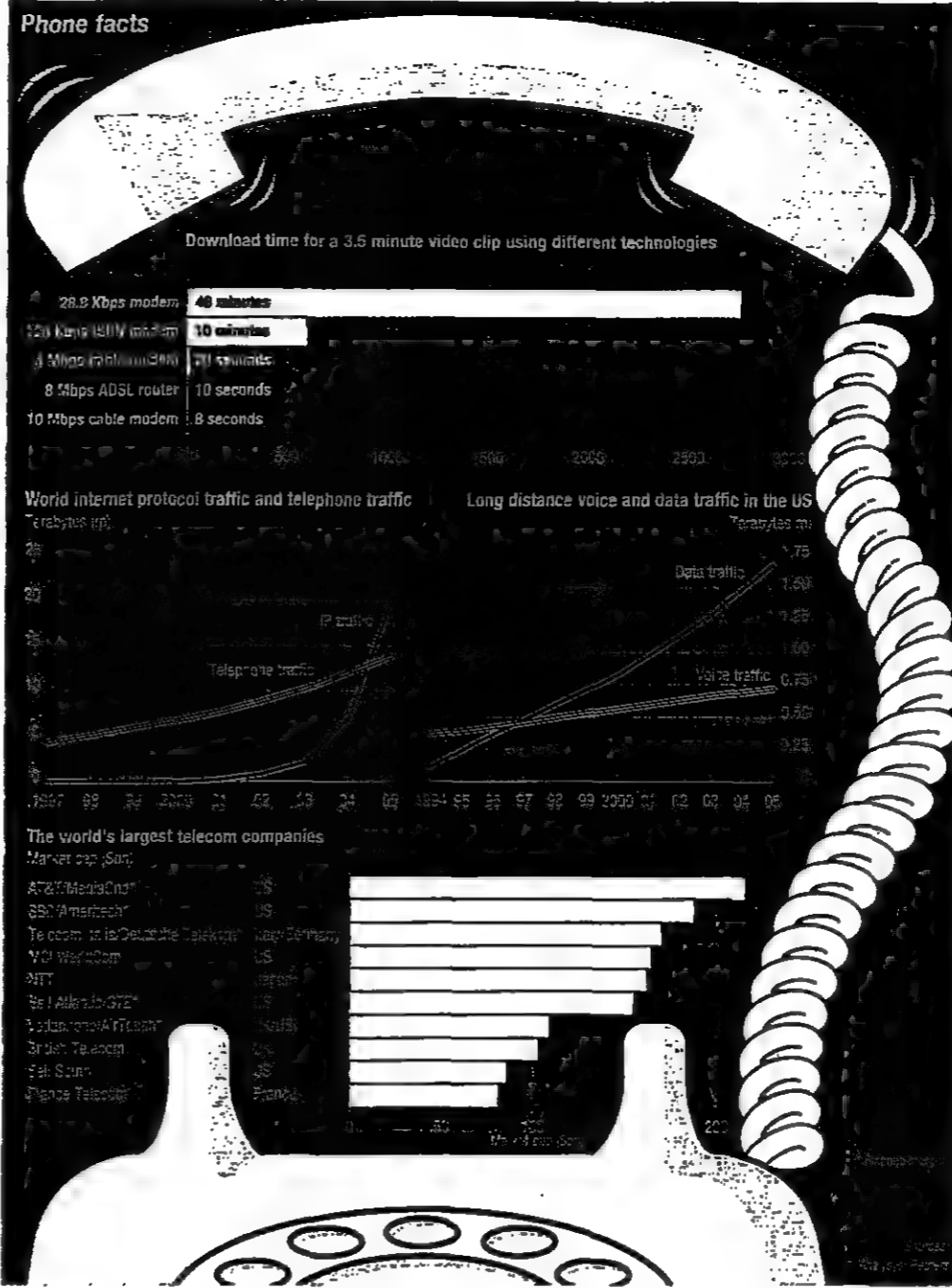
But underneath, a common logic is driving the transformation of the industry. Old monopolies, once divided and protected from each other by regulation, have had the shackles taken off. They find themselves in a scary new world, one where big neighbours, rather than keeping themselves to themselves, are starting to throw their weight around.

There is also a new band of low-cost, technologically advanced rivals, rising up with the declared intention of skimming off their best customers.

Increasingly, these clients are multinational organisations. Operators are thus being forced to devise strategies for expansion outside their national boundaries: retreating to the safety of their home territory is no longer an option.

It is not surprising, then, that many traditional operators have adopted the same response: to put together the largest mass of networks and customers that regulators will allow them, then hunker down against the enemy.

The question for regulators and politicians is: if the operators'



strategy works, will it kill off the hoped-for benefits that liberalisation of telecoms markets was meant to bring in the first place? This is potentially an issue of fundamental importance to the global economy. In the networked world foreshadowed by the rise of the internet, the biggest rewards are likely to flow to those countries whose citizens enjoy the cheapest, most efficient access to information. The near-ubiquitous silicon chip will not fulfil its promise until the high-speed fibre-optic network becomes equally common.

While their regulatory histories differ, the mergers pursued by American and European carriers in response to liberalisation have been driven by the three basic desires. The first, and most powerful, has been the pursuit of size for its own sake. "The industry lends itself naturally to scale - and scale has been artificially constrained by politicians," says Mark Brunson, a telecoms consultant at Renaissance Worldwide in the US.

To this could be added a natural fear on the part of telecom executives: that by staying apart from the new giant groupings, they may risk being marginalised. Better to act now than to wait to be swallowed whole by some passing whale.

But there is no guarantee that scale will bring success. "The experience [of big mergers] in the US so far is mixed," says Raul Katz, head of telecoms consulting at Booz Allen & Hamilton.

Global alliances such as Global One, the partnership between Deutsche Telekom, France Telecom and Sprint of the US, have so far failed to generate profits despite huge investment.

The second motivating force behind the mergers has been the attempt to assemble networks that extend to as many customers as possible, reducing the need to pay fees to use a rival's lines to fill in part of the distance that a call travels from one customer to another.

Control of a single network also makes it easier to avoid the sort of faults that arise when different networks are linked together, a vital consideration for big business customers.

Some of the fastest-growing telecoms companies have set out with the single-minded objective of creating these end-to-end networks to handle the growing data traffic of multinational companies. MCI WorldCom, along with newcomers Qwest and Global Crossing, have all made their names this way, looking to lay their fibre rings around the main European and American business centres.

Whether for business or residential customers, though, the most valuable piece of the network may turn out to be the so-called "last mile", the connection that runs directly into a home or office.

AT&T may well be the most glaring proof of this fact. Confined to the long-distance market since the old Ma Bell was broken up in 1984, the company has only recently been allowed to own direct links to its customers again. Without them, it could face an uncertain future: its revenues from long-distance calls will fall gradually over the next five years, according to projections issued by the company last week.

The value of those local connections has been rising fast, according to Dan Somers, AT&T's chief financial officer. When it agreed to buy its first cable television company last year, AT&T offered the equivalent of \$2,700 for each of TCI's subscribers; for MediaOne, it has bid \$4,700. Those cables could eventually become a lifeline, pro-

viding a link to carry voice calls and data as well as video signals direct to customers.

That points to the third force behind the recent mergers. A customer who buys only basic telephone services today may spend far more on whatever new services are piped down the high-speed broadband connections that the telephone companies promise. By amassing as many customers as possible now, the biggest carriers are trying to assemble captive markets for the future.

Amid all the mergers and the promise of new high-speed communications services, however, the fear that the former monopolies still harbour monopolistic tendencies remains strong.

The prospect of companies that still dominate their local markets banding together through merger does not seem inherently good for competition. Will they simply carve up the world's most prosperous economies between themselves, then be content to stand back from head-on confrontation? That fear is rife in Washington, and may become so in Brussels if Europe's national carriers coalesce into groups that dominate large swathes of the continent. Or will they settle into cozy oligopolies, or even duopolies, keeping potentially disruptive newcomers at bay while playing out a semblance of competition?

The biggest hope for fans of competition comes from the difficulty that former monopolies have in adapting to new circumstances, and from the technological revolution that has made it possible for new entrants to leapfrog older rivals.

It is 15 years since the old AT&T was broken up by the trust-busters, and in that time its share of the long-distance market has fallen to under 50 per cent. Yet the company is still struggling to shed the non-commercial mindset and heavy cost structure that were the legacy of decades of monopoly. AT&T lopped \$1.65bn off its costs last year; last week, it said it would cut another \$2bn next year, whether or not its latest takeover bid is successful.

Explaining this new drive to reduce expenses, Michael Armstrong, chairman, said that new technology was making the cost structures of old-line telephone companies obsolete. According to executives like Mr Somers and consultants like Mr Katz, European carriers have fallen behind in the race to cut costs.

As these companies struggle to shed their old selves, they risk losing ground to companies that do not carry this historical baggage. The latest fibre technology has given these new networks the sort of capacity that was undreamt of even five years ago: each of the networks being created by the US carriers Qwest, Level 3 and Williams would be capable of carrying as much traffic as the entire US long-distance infrastructure. That makes it possible to spread capital costs over many more calls, producing unit costs that are difficult for incumbents to beat.

The stock market has already decided that these newcomers - along with the fast-growing wireless industry - will win a big slice of the communications pie, according to analysts more familiar in the realms of the technology industry than the utility-style telecommunications world. If it is right, the genie of competition may now be out of the bottle for good.

The technological revolution has made it possible for new entrants to leapfrog older rivals

OBSERVER

Taiwan's brand new look

Generalissimo Chiang Kai-shek wouldn't have approved. So fierce was his hatred of communists that he often preferred to fight Mao Zedong than the invading Japanese.

Now Taiwan's preparing to permit communist activism by revising cold war laws. And, in another sign of its political make-over, it has agreed to dig into its pockets to help former Nationalist soldiers remove anti-communist tattoos.

The island is thinking of scrapping the stiff prison sentences that once were meted out to pro-communists and Taiwanese separatists alike. Such draconian measures don't mesh too well with the free-speech policies of the past decade.

Changing times are behind the state-sponsored tattoo removal too. Chiang ruled Taiwan as an anti-communist bastion after being chased off the mainland in 1949. While he held sway, branding "Drive Out The Communist Benefits" on your arm was the pinnacle of political fashion.

But with the old man dead for nearly a quarter of a century and Taiwanese hopes of reconquering the mainland long abandoned, the slogans are proving a problem. Old soldiers revisiting their home villages risk being mugged by angry cadres. Grafting skin over nationalist

slogans is expensive and some politicians reckon Chiang's old party - and not the taxpayer - should foot the bill for getting rid of the tattoos. But despite the controversy, the message is clear: the Taiwanese don't want to wear their hearts on their sleeves any more.

Goldman goodies

Goldman Sachs' 200-odd partners have had a busy couple of months. Not only have the financial markets been fizzing with activity, partners have also had to worry over what they'll do with the goodies they'll net when the firm goes public next week. That'll be about \$20m each for the most junior partners and more than \$200m for the head honchos.

This week it's the turn of the 13,000 Goldman employees who aren't partners to get their calculators out. Starting today, managers will call staff individually into meetings, where they'll learn how many shares they'll be allocated.

With about 20 per cent of the value of the firm to split between them, staff stand to get between \$10,000 and several million dollars each, assuming a market value of about \$25bn. Goldman has also held town-hall meetings to tell all the employees how lucky they are. For when Morgan Stanley and Salomon Brothers went public the partners kept all the spoils for themselves.

Silly season

Snoozing doctors, homesick truck drivers and gargantuan law suits. It could only be the United States.

Recently the National Law Journal, a rather sober weekly, printed its hit list of last year's top 10 legal offences against common sense, all chosen from the newest growth area for legal nonsense, employment discrimination law.

One featured an anaesthetist who sued under the Americans with Disabilities Act after he was fired for sleeping "slack jawed and snoring" through four different operations.

He said he had a disability - sleep apnea. Sadly his suit was dismissed after a court discovered that "sleeping while administering anaesthetics severely diminished his ability to perform his job".

There was also a Massachusetts truck driver who said he had a disability that prevented him from driving over bridges or in unfamiliar places. Unfortunately for him, the court ruled that he'd been fired not because he'd asked for a special route, but because he falsified his travel logs.

And a secretary for a New York real estate company said she had to work harder because two co-workers "conformed to a sexual stereotype". Translation:

they took coffee to the boss - and so got away with less work. A jury awarded her \$100,000, but it was overturned on the grounds it wasn't illegal for an executive to prefer an employee who "made his life more pleasant".

Thank God for American legal process, where it takes a court to tell a nation that sleeping doctors are dangerous, and that coffee can be nice.

Crew change

Flight attendants on Scandinavian Airlines System are altering their current, rather military look. Next month, out go the Nordic carrier's starched white shirts, ties and navy blazers; in come beige polo sweaters, light slacks and baseball caps.

But what to do with the cast-offs, including nearly 30,000 unwanted items of clothing? The last batch of uniforms was designed by no less than Calvin Klein - and you'd have thought the collection could easily find a home in the second-hand stores of London, New York or Paris.

Instead, it's all headed to the small Lithuanian town of Druskinai. Rather than resell the uniforms - and risk them being acquired by a frumpy, low cost rival - the airline has decided to donate them to an adult training college, where they'll be target practice for wannabe Jean-Paul Gaultier. Bit of a hard landing, fashionably speaking.

Financial Times 100 years ago

Rhodesian prospects
The meeting of the British South Africa Company to be addressed by Mr. Rhodes on Tuesday next will doubtless be anticipated with no less interest than was commanded by the gathering of shareholders held in April last year. Mr. Rhodes, being then considered to have atoned for past indiscretions by two years' banishment from office, was restored to a seat on the Board, with the joy which angels feel at the sight of the sinner who repenteth; and so big was the jubilant concourse that the reinstated hero had to address an overflow meeting on the staircase of the Cannon-street hotel.

50 years ago

Contangoes Again
With the object of assisting jobbers to maintain free markets on the Stock Exchange, the Council has decided to restore the continuation (or contango) facilities, which were suspended at the outbreak of war in 1939, when cash dealings only became the rule. The new regulations mean that buyers and sellers of shares may continue their bargains from Account to Account at market rates of interest.

Indian Airlines



FINANCIAL TIMES

MONDAY APRIL 26 1999

tyrolean
EUROPE - Chisinau
2 flights per week via Vienna

THE LEX COLUMN

A woolly mammoth

Will Telecom Italia's merger with Deutsche Telekom - assuming it goes ahead - produce anything other than a dinosaur? The omens are poor. Europe's national telecommunications monopolies have a well-earned reputation for bureaucracy, overstaffing and indifferent service. Deutsche Telekom, for instance, is only half as efficient as US regional operators - Baby Bells - measured by number of employees per installed line. Telecom Italia is little better. Surely, a merger of two such monsters would entrench bad old practices, not encourage reform?

Not necessarily. The impetus for change is coming from predatory new entrants taking advantage of deregulation to snap up the juiciest bits of national and regional markets. These have savaged Deutsche's long-distance call traffic. This pressure is unlikely to slacken, even if the merger happens. The deal's aim is similar to that of Baby Bell consolidation: to maximise "end-to-end" call traffic by creating bigger networks. By ensuring call quality, this helps retain the business customers new entrants are targeting.

But is such a mammoth combination manageable? There are certainly problems. The deal is riddled with political compromises, yet these do not seem to have satisfied the Italian government. The risk is that politicians use the deal to reassert control. Given the paltry synergy benefits, loading on social obligations would be the kiss of death.

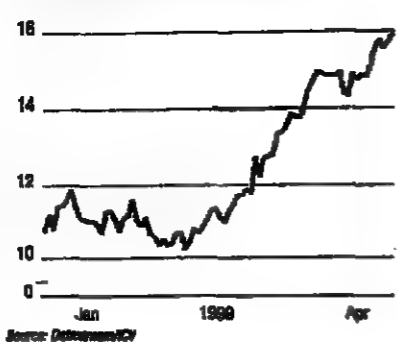
Goldman Sachs

The investment banking world has three premier brands: Morgan Stanley Dean Witter, Merrill Lynch and Goldman Sachs. Although Goldman considers itself a cut above the rest, investors prefer the broader earnings mix of its peers. These two are trading at 17-18 times estimated 1999 earnings. Goldman's initial public offering next Monday should be priced at a slight discount, partly because it is an IPO, but also because of its more volatile profits. Still, a multiple of 18 times Goldman's estimated 1999 earnings of \$3.60 per share values the stock at \$66, above the indicated \$45-55 price range.

This could be pushing it. A look at book value tells a different story. Morgan Stanley is trading at 4.3 times book, but Merrill, which saw a slump in return on

Oil price

Brent crude 2-month forward (\$ per barrel)



equity during last year's market turmoil, only at 3.3 times book. At the top of its indicated range, Goldman would trade at a higher multiple of book than Merrill. True, Goldman's return on equity was the stronger in the first quarter, but in last year's fourth quarter Goldman barely broke even after payments to partners. Merrill may not hit the highs of Goldman, but it has managed to avoid the lows.

Oil price

Far from slumping to \$6 per barrel, as some predicted, Brent crude two months forward is now about \$16. Since the start of March, the oil price has risen by an astonishing 45 per cent, helping the FT/S&P world oil index as a whole outperform by 15 per cent, and exploration and production stocks by 23 per cent over the same period. Opec surprised the market with the scope of planned production cuts and the alacrity with which it acted.

Its aim of boosting oil revenues has also been given a fair wind by more muscular assessments of demand: the IMF's latest World Economic Outlook sees advanced economies growing at 2.3 per cent next year, up 0.4 percentage points from its December projection. Does this mean the oil price and oil shares have much further

to rise? Although the stock overhang should have largely cleared by end-1999 with 80 per cent compliance with production cuts, the likelihood is that cheating around the edges will cap prices at about \$16-\$18 per barrel.

As for shares, the surge in the oil price will swell short-term earnings and the value of cashflows. But longer-term oil price forecasts will determine whether there is more value to be released in share prices. If these too start to edge towards \$16-\$20 per barrel, the current rally will have further to go. Assuming there is more consolidation to come and global growth is indeed recovering, investors should not regret rotating into oil stocks.

Japanese M&A

Western investment banks have been taking the lion's share of fees for IPOs and deals in Japan recently, so it is hardly surprising that Japanese bankers have been complaining. Hence the fibre from Hisao Nishimura, president of Industrial Bank of Japan, that western rivals charge excessive fees.

But an alternative view is that Japanese banks have not demanded enough for their services. Their low fees merely underline their continuing inability to find alternative profit streams to offset the decline in their role as financial middlemen. On occasions, they have even given M&A advice for free.

The other possibility is that Japanese companies get what they pay for. In other words, the advice from western investment banks is better than that from Japanese and thus worth more. Certainly the most recent big deals, such as Renault's acquisition of a controlling stake in Nissan, have been far larger and more complex than traditional local mergers, which used to be brokered on both sides by one institution.

Not only do Japanese banks not have the global reach necessary to attract foreign buyers, but their links with various keiretsu - business groupings - make their objectivity suspect.

There is nothing to prevent Japanese institutions building up their expertise, but for the moment grumbling about fees sounds suspiciously like sour grapes at losing market share.

ECB attempts to soothe fears over euro's weakness

Board members claim strong dollar is main reason for weakness

By Tony Barber in Frankfurt

The European Central Bank has launched an offensive against critics of the euro, saying the new currency's weakness against the dollar does not mean its long-term stability is in doubt.

Sirkka Hamalainen of Finland, a member of the ECB's six-strong executive board, said the euro's 10 per cent fall against the dollar since its launch in January largely reflected the US economy's strength and concern about the Kosovo war rather than fundamental problems with the currency itself.

"I would like to underline that it is still too early to make any clear assessment of the final success and role of the euro," Mrs Hamalainen said in a speech to the Bond Dealers Association in San Francisco. "To a large extent, the developments in the foreign exchange markets over the last few months can be characterised as a period of dollar strength rather than euro weakness."

Her comments are in line with other remarks by European central bankers and politicians who have begun to hint that the euro has fallen far enough. Dominique Strauss-Kahn, France's finance minister, said last week that "the euro-dollar exchange rate is now close to the lower end of a reasonable range".

Since touching a high of 1.1877 against the dollar on January 4, the euro has drifted steadily downwards, closing last Friday in New York at \$1.0605. Some economists point out that the euro's weakness is a blessing in disguise, as it has helped European exporters at a time of economic weakness in the euro-zone.

But Mrs Hamalainen suggested that the ECB would not stand aside if the euro continued to fall, saying that in "very exceptional cases" the central bank could send signals to financial markets that it believed the exchange rate was unjustified. Such signals could include "oral intervention", direct intervention in

foreign exchange markets and changing interest rates, she said. Another ECB board member, Tommaso Padoa-Schioppa of Italy, said in Milwaukee last week that the euro-zone's fundamental strengths did not justify a further fall in the euro.

Economists said it was significant that both board members made their remarks in the US as financial markets and media there had begun to question the euro's credibility.

Some US economists say the ECB's 17-member policymaking Governing Council is so large that it is prone to issuing contradictory signals. Wim Duisenberg, the bank's president, told a European parliament committee early last week that the euro's level against the dollar gave him no cause for concern.

Mrs Hamalainen said the euro would gain strength as the European economy improved and as markets took account of the euro-zone's strong external balance compared with the US deficit.

Researchers claim Argentina's central bank held Nazi gold

By Ken Wain in Buenos Aires

Researchers into Argentina's links with the Third Reich have unearthed what they claim is the first solid evidence that Nazi gold was deposited in the Argentine central bank.

Proof that the gold was looted or formed part of a money laundering operation would bring Argentina closer to centre stage in the debate over reparations to the victims of Nazi Germany. Argentina has already pledged to take part in the reparations fund set up at the London conference on Nazi gold in December 1997.

The evidence covers the period immediately following the second world war, during the government of General Juan Domingo Peron, founder of the current ruling party.

"This is a major breakthrough," said Ignacio Klich, who leads the Commission of Inquiry into the Activities of Nazism in Argentina. "Before there were just rumours, or reports from agents, who are not always reliable. Now we have some-

thing black-on-white." The evidence is in the form of a letter from Gen Peron's first foreign minister, Juan Bramuglia, in which he admits asking the Swiss legation in Buenos Aires in 1946 to deposit in the central bank gold it had been holding on behalf of Nazi Germany. Switzerland represented German interests in Argentina after diplomatic relations were broken in 1944. Argentina only overcame its broad sympathy for the Axis powers and declared war on Germany in the dying stages of the conflict.

The late Mr Bramuglia was highly respected among the Allies and would widely be considered a reliable source, said Mr Klich, who is due to meet Pedro Pou, central bank president, this week to request further assistance.

However, the letter fails to mention the size of the gold deposit, or whether it was in monetary or ingot form. Pinning down the nature of the deposit could help determine if it was looted. Ingots would be more likely to suggest the presence of "tainted" gold.

Researchers have already uncovered details of a transaction involving 36 gold ingots, which could correspond to the deposit mentioned by Mr Bramuglia. The fate of the deposit he mentioned is not known.

Mr Klich hopes to question surviving central bank officials of the day, and to examine in more detail records covering Swiss-Argentine gold transactions in the post-war period.

Argentine central bank records show numerous gold transactions with the Swiss after the war. However, trade transactions were often settled in gold at the time, frequently with the notional rather than physical transfer of gold.

"These transactions could simply be related to trade, or they could be part of a money-laundering operation," said Mr Klich.

The commission of inquiry, set up by the Argentine government in 1997, has also uncovered evidence that Argentina was used as a "triangulation point" to sell looted works of art into the US market, or even back into Europe.

CONTENTS

News	Features	Companies & Finance	FT.com
American News 5	Guide to the Week 34	News 17-21	FINANCIAL TIMES
Asia-Pacific News 6	Inside Track 3-12	Companies in this issue 17	Directory of online services via FT Electronic Publishing
European News 2.3	Arts 13	Global Investor 17	FT.com: the Financial Times web site, online news, comment and analysis.
International News 4	Editorials 13	FT Guide to World Currencies 20	The limited edition on CD-ROM features a library of over 2.5 million articles from the FT and lists thousands of other leading newspapers and business publications.
UK News 7	Letters 14	Emerging Markets 19	http://www.ft.com/ftcdrom
Weather 16	Observer 18	Markets Week 22	http://www.ft.com/ftcdrom/subscribe
	Crossword Puzzle 34	New International Bond Issues 22	http://www.ft.com/ftcdrom/subscribe
		Company Diary 22	http://www.ft.com/ftcdrom/subscribe
		Money markets 24	http://www.ft.com/ftcdrom/subscribe
		Recent issues, UK 22	http://www.ft.com/ftcdrom/subscribe
		London share service 23,27	http://www.ft.com/ftcdrom/subscribe
		Managed funds service 26,30	http://www.ft.com/ftcdrom/subscribe
		World stock markets 31	http://www.ft.com/ftcdrom/subscribe
		FT/S&P-A World Indices 31	http://www.ft.com/ftcdrom/subscribe
		New York Stock Exchange 32,33	http://www.ft.com/ftcdrom/subscribe
		Euro Markets 25	http://www.ft.com/ftcdrom/subscribe
		World markets at a glance 33	http://www.ft.com/ftcdrom/subscribe
		Economic Diary 34	http://www.ft.com/ftcdrom/subscribe

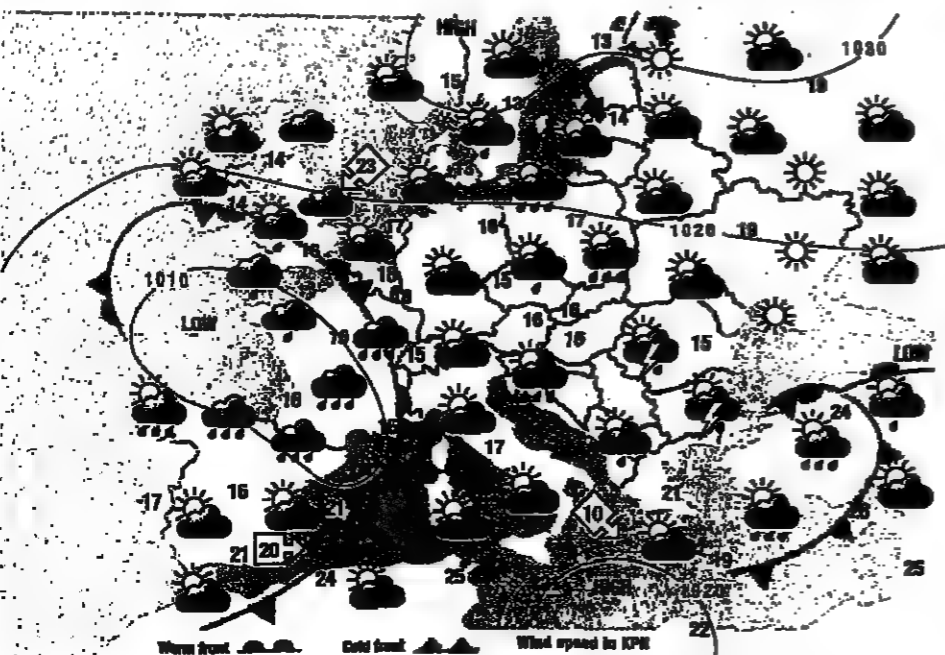
FT WEATHER GUIDE

Europe today

Scandinavia will be dry and mild with sunnier, especially in the west as high pressure builds. High pressure will stretch into Russia and Ukraine, bringing sunshine. Central and eastern Europe and the eastern Mediterranean will have showers, the showers thundery over the Balkans. The central Mediterranean will be fine, warm and dry but the Iberian peninsula will have sunny spells and heavy showers. The Low Countries and northern and western Germany will be dry with sunny spells. France will have rain as a result of an Atlantic frontal system.

Five-day forecast

Scandinavia will become increasingly cloudy. Rain in the west tomorrow will move to the eastwards. Much of the rest of Europe will be unsettled with showers. Eastern parts of Spain and southern France will have heavy, thundery outbreaks of rain during Thursday.



Station at midday. Temperature maximum for day. Forecasts by FT WEATHER CENTRE

TODAY'S TEMPERATURES	Madrid 18	Barcelona 18	Paris 18	London 18	Amsterdam 18	Brussels 18	Frankfurt 18	Munich 18	Berlin 18	Warsaw 18	Prague 18	Vienna 18	Zurich 18	Stockholm 18	Helsinki 18	Oslo 18	Reykjavik 18	London 18	Amsterdam 18	Brussels 18	Frankfurt 18	Munich 18	Berlin 18	Warsaw 18	Prague 18	Vienna 18	Zurich 18	Stockholm 18	Helsinki 18	Oslo 18	Reykjavik 18
-----------------------------	-----------	--------------	----------	-----------	--------------	-------------	--------------	-----------	-----------	-----------	-----------	-----------	-----------	--------------	-------------	---------	--------------	-----------	--------------	-------------	--------------	-----------	-----------	-----------	-----------	-----------	-----------	--------------	-------------	---------	--------------



you moved us into our prime.

thanks healey & baker. You helped us move our retail network into prime high street sites. Part of a strategy that helped us produce last year's record results.

Call Patrick Going on 0171 629 9292. Delivering property solutions that meet corporate objectives.

HEALEY & BAKER
A member of Colliers & Watson

سكانة الاجل

COMPANIES & MARKETS

MONDAY APRIL 26 1999

Week 17

WOLESELEY Heating Replacement Parts and Controls Ltd. No.1 in heating system spares.

THE LITCHFIELD GROUP OF COMPANIES NO to monetary union NO to EU social costs NO to EU tax harmonisation NO to greater control from Brussels

INSIDE

Institutions tempted in Asia

For leaders in Asia the improved tone of the markets is confirmation that the recession that has caused the region so much pain over the past 18 months is finally on the wane.

Attention switches to US GDP growth

After data last week suggested that the UK would avoid recession and could be set for fast growth, this week should show whether its Anglo-Saxon counterpart across the Atlantic can follow suit.

Norwegian oil in troubled waters

Harald Norvik is to offer his resignation as chief executive of Statoil, Norway's state-owned oil company and its largest enterprise.

Japan's shake-up continues apace

Japan's wave of mergers and acquisitions, joint ventures, restructuring and debt forgiveness looks set to continue as its corporate sector struggles to reshape itself.

US employment costs remain benign

News that US employment costs remained benign in the first quarter should anchor long-term bond yields and short-circuit renaissance fears that a Fed tightening is drawing near.

Markets warm to European leisure

Warmer sentiment towards cyclical stocks has helped the leisure sector within the Eurotop 300 bank in a 23 per cent outperformance of the index since the start of the year.

Result in UK vote on mutuality

Bradford & Bingley, the UK's second-biggest building society, said its vote on whether to convert to bank status had produced "a definitive result" but declined to give details despite speculation that it has lost.

FT GUIDE TO THE WEEK

full listings Page 34

PALESTINIANS PONDER INDEPENDENCE

Palestinian leaders are due to meet in Gaza on Tuesday to decide whether to declare an independent state on May 4, when a five-year interim peace deal with Israel expires.

EXHIBITION FOR BRIGHT IDEAS

The international inventions exhibition opens in Geneva on Friday with more than 625 exhibitors from 44 countries hoping to attract sponsors and sales.

PANAMA TO ELECT PRESIDENT

Panamanians will elect a new president on Sunday. One of the winner's most important tasks will be to manage the US handover of the Panama Canal on December 31.

COMPANIES IN THIS ISSUE

Table listing companies and their page numbers: ASG 17, IBM 20, AT&T 15,18,19, Iridium 18, Abbott Labs 18, Japan Telecom 18, BRDC 18, Korea First Bank 17, British Telecom 18, Kvaerner 21, Bradford & Bingley 18, Lycoo 20, Brands Hatch Leisure 18, Manulife Financial 20, Cable & Wireless 1, MediasOne 15,19, Canada Life 20, Merck 19, Canada Life 20, Mutual Life 20, Compaq 19, NetSet 20, Corecoad 19, Newbridge Capital 17, Deloitte & Touche 18, Northern Foods 18, Deutsche Telekom 15,17, Olivetti 17, Edesur 20, SASB 19, Enel 18, Siemens 20, Fletchers 18, Stetel 20, Gambio 18, Stoczni Gdynia 21, Global Crossing 1, Sun Life 20, Harscoflegger 19, Telecom Italia 15,17

MARKET STATISTICS

Table with market statistics: 24 Foreign exchange 24, 24 London recent issues 21, 22 London share service 25,27, 8 Managed funds service 29-30, 31 Money markets 24, 22 New int'l bond issues 22, 20 Stock markets at a glance 33

INVESTORS CHEERED BY FIRST-QUARTER RESULTS THAT HAVE BEEN HIGHER THAN ANALYSTS' EXPECTATIONS

US stocks rise on good earnings

By Tracy Corrigan in New York

First-quarter earnings by US companies have brought good news for investors, boosting US stock prices to new highs. So far this season, first-quarter earnings have beaten analysts' estimates by an average of 4.5 per cent, about 2 percentage points more than usual, according to Chuck Hill, director of research at First Call, which analyses earnings data.

For example, JP Morgan, the bank, and Citigroup, the financial services giant, both reported earnings substantially higher than expected.

The upturn comes after weak earnings last year caused by a number of factors, including weaker economic conditions outside the US, the General Motors strike in the first half and global market turmoil in the second. On Friday the Standard & Poor's 500 index of big US stocks ended at 1,356.85, close to its all-time high. "We expect that the S & P

500 will ultimately register its strongest quarterly growth since the Asian financial crisis began to impact earnings growth rate in the fourth quarter of 1997," according to IBES, an earnings analysis group.

According to Mr Hill, earnings growth for S&P companies is running at 10.1 per cent, above the long term average of 7 per cent. Cyclical oil and chemical companies still to come are likely to drag down the average. However, he expects that better earnings from US retailers - the last to report - will bolster the average at around its current level, substantially better than the 6 per cent growth of last year's fourth quarter. "There is a brightening outlook," says Mr Hill. "I think the second quarter will be even better." The 1999 target of 8.9 per cent earnings growth set by Wall Street equity strategists therefore appears over conservative, he believes. Despite a recent shift by investors into cyclical stocks, earnings from companies such as Dow Chemical are still coming in below last year's levels. However, they are beating esti-

mates, prompting upward revisions in future earnings' forecasts.

Richard Cripps, director of equity research at Legg Mason, a US brokerage, said these companies may again report falling earnings in the second quarter compared with last year. Any improvement as a result of a better world economy was still a few quarters away, he said. Big technology companies are still recording strong earnings growth in relation to a fairly difficult first half last year, according to Mr Hill.

Italy to press for concessions in telecoms merger

By James Blitz in Rome, Tony Barber in Frankfurt and David Owen in Paris

Senior Italian government figures will today press their German counterparts for concessions over the planned merger between Deutsche Telekom and Telecom Italia, prompted by fears the deal is a German takeover.

Italian officials hope to convince the Germans at meetings in Washington and Bonn that there should be greater parity in the new group, which would be capitalised at about €173bn (\$184bn). They will seek a firm commitment from the German government that it will sell its 72 per cent stake in Deutsche Telekom.

So far, the German government has said it will divest when appropriate and, in the meanwhile, will not seek to influence the business strategy of the new group.

Carlo Azeglio Ciampi, Treasury minister of Italy, is expected to meet Hans Eichel, finance minister of Germany, in Washington. Italy's Vittorio Grilli, deputy director of the Treasury and Nicola Rossi, economic adviser to Massimo D'Alema, the prime minister, will go to Bonn.

"I don't think the problems are insurmountable, but they are technical and they will not be resolved quickly," a senior Italian government official said yesterday.

If differences between the two governments take time to resolve it could benefit Olivetti, which formally launches its hostile bid for Telecom Italia this week. However, Ron Sommer, chief executive of Deutsche Telekom, dismissed widespread scepticism, saying he was confident the deal would survive scrutiny by European competition regulators. "We are not counting on big problems with the European Commission, but all the conditions have yet to be discussed at the negotiating table," he told the German newspaper Welt am Sonntag.

Karl van Miert, competition commissioner of the EU,

expressed reservations, partly because Deutsche Telekom has a cross-shareholding with France Telecom. The French company has attacked the German-Italian deal as a violation of its arrangements with Deutsche Telekom.

The shares of a number of telecoms companies were buoyed late last week by rumours of a possible bid by the jilted French operator.

Telecom Italia will sign a preliminary agreement today to sell 85 per cent of its pay-TV unit Stream to News Corp Europe, Italian communications group Czechi Gori and SDS, a company formed by four soccer clubs, according to Italian news agency ANSA.

Las, Page 16



Ron Sommer, Deutsche Telekom chief, dismissed scepticism about whether the deal would go ahead

Korea may abandon bank sale to Newbridge

By John Burton in Seoul

South Korea appears ready to abandon the sale of troubled Korea First Bank to Newbridge Capital, the US investment firm, in a move that could raise doubts about Seoul's commitment to financial reforms demanded by the International Monetary Fund. Newbridge will lose its exclusive right to buy Korea First if a final deal is not concluded at the end of this week.

to meet a deadline set in a memorandum of understanding signed in December. Newbridge had agreed to acquire 51 per cent of Korea First in the first foreign takeover of a Korean bank.

Korea's Financial Supervisory Commission, which is negotiating the sale, recently told Newbridge that Seoul had doubts about the firm's financial experience in managing Korea First. According to people close to

the talks the FSC has since then raised new questions about the terms of the memorandum, including the government's obligation to buy bank loans that go sour over the next two years. The FSC and Newbridge also disagree over the value of the bank's assets.

The finance ministry has criticised the terms of the deal as too generous to Newbridge after an improvement in the economy since last year's financial crisis.

If the deal collapses, Seoul is likely to ask the IMF to extend the deadline for the bank's sale to the end of 1999. As part of its \$58bn rescue package, the IMF ordered the sale of government-owned Korea First and SeoulBank, the nation's two weakest big banks, to foreign investors.

The World Bank representative in Seoul has warned that the collapse of the Newbridge deal could undermine foreign confidence in Korea's financial

reforms. Some FSC officials say a collapse in talks would discourage foreign investment in Korea by undermining trust in promises made by Seoul.

The finance ministry is also angry at not being consulted about a recent \$500m investment by Goldman Sachs, the US investment bank, to become the biggest shareholder in Kookmin Bank, one of Korea's strongest banks.

Labour unrest, Page 8

ASG in the path of European freight takeovers

By Tim Bart in Stockholm

The consolidation sweeping Europe's freight and logistics industry is expected to lead to a SKR3.5bn (\$418m) takeover bid for ASG, the Swedish freight forwarding and distribution company.

Shares in ASG were suspended in Stockholm on Friday pending an announcement this week on its future ownership.

It is understood that Deutsche Post, the acquisitive German postal service that hopes to expand its interests in the Nordic region, has approached ASG. The Swedish and Danish post offices have been touted as possible bidders.

If ASG agreed a takeover at about SKR8.5bn, the offer would be worth about SKR306 per share. The shares were suspended at SKR214 - a market value of SKR2.4bn.

An offer for ASG, Europe's 11th largest transport and logistics group, would signal a further restructuring of the fragmented distribution sector.

Deutsche Post, which last year agreed to pay DM1.8bn (€820m, \$979m) for Danzas, the Swiss logistics group, has made no secret of its expansion ambitions in road transport, air and sea freight forwarding and logistics.

ASG, heavily restructured over the past two years, has looked increasingly vulnerable to takeover following the acquisition this year of its Swedish rival BTL by Stines, the German freight haulage company, for SKR3.2bn.

Custos, the Swedish investment group, which owns 40 per cent of ASG's shares and 49 per cent of the voting rights, is known to welcome bid approaches. An agreed deal would provide an exit for Custos less than two years after it acquired its stake in ASG.

Since then, Custos has overhauled the management and sold ASG's Frigoscandia division, Europe's leading refrigerated warehouse operator, for \$305m to Security Capital Industrial Trust, the US property investor. The loss of contributions from Frigoscandia triggered a sharp fall in profits at ASG last year, down from SKR1.03bn to SKR176m. Sales shrank from SKR14.8bn to SKR12bn.

Neither Custos nor ASG would comment yesterday.

ES... apts... soothe... euro... weaken... claim Argentina held Nazi gold... moved us into... prime...

What is Thameslink to you? One less worry getting to Gatwick London to Gatwick in as little as 26 mins. Take the hassle out of getting to Gatwick from London. Thameslink brings express relief with up to four trains an hour from the London stations. For a timetable call 0800 068 4484. For specific train times call National Rail Enquiries on 0345 48 99 30.

COMPANIES & FINANCE: INTERNATIONAL

TELECOMMUNICATIONS 30% STAKE IN JAPAN TELECOM IS VALUED AT \$2BN

AT&T and BT move into Japan market

By Michio Nakamoto in Tokyo and Alan Cane in London

AT&T of the US and British Telecommunications yesterday announced they were taking a 30 per cent stake in Japan Telecom at a cost of about \$1.2bn (\$1.9bn).

100bn annually. Japan Telecom will become the sole distributor of AT&T and BT's branded services in Japan.

The deal puts an end to BT's hopes of an alliance with NTT, Japan's largest domestic operator which is undergoing fundamental restructuring.

Under the agreement, BT and AT&T will each subscribe for 15 per cent of Japan Telecom's equity. The Japanese company's largest shareholder, East Japan Railway, will have 15.1 per cent of the equity after the deal.

BT is paying about \$550m in cash; its Japanese assets, worth about \$160m, will be folded into Japan Telecom.

The deal, the first since AT&T and BT announced their partnership last year, is complicated by the need to respect Japanese sensitivities over foreign investment in strategically important businesses.

A result caught blowing in the wind

Christopher Brown-Humes assesses the future of Bradford & Bingley

Bradford & Bingley, the UK's second highest building society, said yesterday its vote on whether to convert to bank status had produced "a definitive result" but it declined to comment on the outcome despite speculation that it has lost.

More than 1.5m of 2.5m eligible members voted, a turnout of more than 60 per cent. B&B estimates that between 500,000 and 600,000 carpetbaggers have joined in the last two years, a much higher proportion than at other societies.

BRADFORD & BINGLEY logo and a table of conversion dates and results.

Analysis believes the society could be worth up to \$2bn. While it might favour a listing as an independent entity, other banks and life insurers may pitch in with bids before any flotation.

However, a B&B defeat would represent a damaging blow for the 294-year old building society movement.

Other societies, however, played down the vote's relevance to them. Yorkshire Building Society, which has taken steps to make success

Deloitte sees UK revenues revive

By Jim Kelly

Deloitte & Touche has seen a revival in the growth of its UK revenues to 30 per cent in the year to April 15 - thanks to a vibrant last quarter which will bring revenues for the professional services firm close to \$650m (\$1bn).

The rare disclosure of recent turnover at one of the "Big Five" firms - which reflects confidence in corporate activity such as mergers and acquisitions - will be seen as an encouraging omen for the UK economy.

John Connolly, Deloitte's newly installed senior partner and global leader of its \$5bn audit and assurance business, said the UK firm had seen 28 per cent growth over 11 months but expected to touch 30 for the year.

"These signals of a rebound in activity, particularly among large companies, will be added to news of strong economic data that showed a recovery in consumer confidence and stronger personal borrowing."

"People were a bit gloomy around Christmas but we have picked up a lot of clients and got involved in a whole raft of transactions," said Mr Connolly.

The upturn is expected to be reflected across most of the sector after widespread fears in the last quarter of 1998 that several years of increased growth among professional service firms could not be sustained.

Deloitte's results - if confirmed when they formally report - are outstanding. In the year to September 1998 the firm increased revenues by 27.3 per cent to \$563m, the best growth performance in the sector. Globally in 1997-98 the "Big Five" grew between 15.6 and 23 per cent.

Remarkably Deloitte's fortunes appear to rely as much on traditional service lines such as audit and tax as on the fast-growing consultancy sector. The consulting practice grew by 24 per cent while the accounting side grew 29 per cent. Even audit and assurance grew 16 per cent - the best such result for more than a decade.

Overall growth was edged up towards 30 per cent by strong performances from other parts of the business, including the accounting practice's middle-market consultancy, Management Solutions. With global revenues of \$600m it is growing at 40 per cent a year.

Invensys builds stake in US maker of batteries

By Peter Murnighan

Invensys, the world's biggest maker of controls equipment, has taken a strategic stake in a US business that uses technologies derived from the "Star Wars" anti-missile programme to make batteries for mobile telephones.

The UK group, formed last year from the merger of Siebe and BTR, has spent \$80m (£18.75) building up a 49 per cent stake in PolyStar, a California company set up by US scientists formerly working on the space-based Strategic Defence Initiative

of the 1980s. Invensys is expected to spend a further \$20m by 2002 on development. By the end of this year PolyStar plans to move into full production of lithium-ion batteries, a rapidly growing form of rechargeable energy device used in telephones and other portable electronic equipment including computers.

Calpers to invest \$200m in Hermes

By Caroline Dornell

Calpers, the leading US shareholder activist, has cemented its relationship with UK counterpart Hermes by investing \$200m (£124.2m) in one of its funds.

As a result under-performing UK companies are expected to face new pressure from the fund, Hermes UK Focus Fund, an investor instrumental in the ousting of David Montgomery, chief executive of the Mirror Group, earlier this year.

Northern Foods takes rest of Fletcher's

Northern Foods, the supermarket supplier, has taken full control of Fletcher's Bakeries - whose products include doughnuts, scones and burger buns - in a deal that values the business at \$54m (\$87m).

Northern bought 24.9 per cent of Fletcher's in 1992, at a cost of \$8.5m, and at that time agreed put and call options with Paul Fletcher, the chairman. It has now paid \$40.8m for the balance of the shares, owned by Mr Fletcher and his family, and other Fletcher directors.

Jo Stewart, chief executive of Northern Foods, said the options had another year to run, to coincide with Mr Fletcher's retirement. However, Northern decided to exercise its right to buy now, so that Mr Fletcher could continue as chairman of Fletcher's while the acquisition settles down. He will stay until the end of 1998.

Commonwealth Bank Australia advertisement with details on U.S. \$125,000,000 Undated Capital Notes.

THE REPUBLIC OF ARGENTINA NEW MONEY BOND DUE 1999 advertisement.

BHL manoeuvre for Silverstone

By John Griffiths

Brands Hatch Leisure, the Kent-based motor-racing circuits group, is expected to launch a battle to gain control of Silverstone, home of the British Grand Prix, after the 800 members of the British Racing Drivers Club - Silverstone's owner - voted for a fundamental restructuring of the club at the weekend.

park, would be placed within a new company, Silverstone Circuits Group. Shares in SCG would be distributed to members, with a golden share retained by the BRDC to protect against predators for up to three years, unless 75 per cent of members vote for an earlier sale or float.

The BRDC's current contract with Bernie Ecclestone, Formula One's promoter, to run the grand prix at Silverstone expires in 2001. BHL is expected now to start approaching members individually to persuade them to force a sale of Silverstone itself.

The restructuring itself will not be finalised until July. Following the weekend's support for the proposals in principle, detailed proposals will be sent out in the next few weeks. A formal vote will be taken just before the British Grand Prix in mid-July.

CONTRACTS & TENDERS

ABU ZAABAL ENGINEERING INDUSTRIES CO., ASU ZAABAL KALVOBIA advertisement.

INVITATION FOR PRE-QUALIFICATION (TENDER NO. 99127)

Abu Zaabal Engineering Industries Co., invites the international companies with experience in supply, installation and operation of a forging press capacity about 2000 tons, to submit their technical proposals for design, execution and operation in addition to the pre-qualification statement demonstrating previous experience in similar equipment.

SK Chemicals Co., Ltd. advertisement with details on U.S. \$40,000,000 1.50 per cent Convertible Bonds due 2005.

COMMENT

Goldman Sachs

The investment banking world has three premier brands: Morgan Stanley Dean Witter, Merrill Lynch and Goldman Sachs. Although Goldman's earnings have a cut above the rest, investors prefer the broader earnings mix of its peers.

Cable & Wireless

Old-world Cable & Wireless started life more than a century ago, laying cables to connect the UK with its empire. For new C&W, this business is history. Tying up capital in owning ships is hardly suited to a telecommunications company clawing its way up the internet league table.

Takover Panel

Pity the new director-general of the Takeover Panel, Patrick Drayton has spent his first month in the job wrestling with the meaning of the word "material", sparked by two jolly bid situations. In both cases, the Panel's rulings seem sensible.

NEWS DIGEST

OFEX

Sports investors get on blocks for online betting

Investors anticipating a boom in sports betting on the internet will have the opportunity from today to buy shares in NetBet, which becomes the first "quoted" online betting company when its stock starts trading on Ofex.

INVESTMENT TRUSTS

F&C restructures fees

Foreign & Colonial, the oldest and second-largest investment trust, is restructuring the fee it pays its fund managers, partly to make targeting other trusts that run into trouble more attractive. Jeremy Tighe, manager of F&C, said the change to the fee provided an incentive for shareholders to approve acquisitions of other funds.

FOOD RETAILING

Tesco cuts prices again

UK supermarkets are braced for another price war after Tesco, the market leader, yesterday announced its second round of reductions in two months. The supermarket chain said it was permanently cutting the price of 175 products as part of a long-term strategy.

Vertical advertisement on the right edge of the page with various text and graphics.

COMPANIES & FINANCE: INTERNATIONAL

ELECTRONICS COMPANY'S DIFFICULTIES CANNOT BE BLAMED ON INDUSTRY CONDITIONS, SAYS DATAQUEST REPORT

Compaq fails to keep up with market growth

By Louise Kehoe in San Francisco

Compaq Computer, the world's largest personal computer manufacturer, lost market share to competitors in the first quarter even as the world PC market continued to grow rapidly...

month by Compaq's profit warning and the company's weak financial results issued last week. Analysts at Dataquest, one of the leading high technology market research groups, have concluded that Compaq's claim that its first-quarter earnings shortfall should be blamed on market conditions was unfounded.

Strema, Dataquest PC market analyst. Worldwide PC shipments remained strong in the first quarter, growing by 17 per cent against the same period a year earlier, according to Dataquest.

Stent analysts' earlier projections of 31 cents a share, far below Wall Street analysts' earlier projections of 31 cents a share.

ber one market position, with shipments of 3.4m PCs, up nearly 10 per cent on a year earlier. However, Dell Computer and International Business Machines grew much faster.

competitors. While Compaq's US PC shipments grew by 7 per cent, its biggest competitors recorded growth of between 26 and 50 per cent in the first quarter.

AT&T attempt at knockout punch may cost dear

Its bid to buy MediaOne comes as traditional phone business faces decline, writes Richard Waters

In its \$58bn bid to break up the merger of cable television companies MediaOne and Comcast, AT&T is betting on a simple argument: that MediaOne's cable networks, which pass 8.5m homes, are worth more to it than to Comcast.

growth companies. Owing in part to a MediaOne acquisition, those broadband services could contribute 56 per cent of the company's revenues in five years' time, up from only 30 per cent now.

works for telephone service and begin their marketing blitz. They will also need to persuade customers to support the cost of the set-top boxes that make the cable services possible, something many may balk at.

AT&T's telephone service, it would have been shut out of a large part of its potential market. According to Mr Armstrong, this was not the motivating factor. But as one person close to him said: "He couldn't afford to take the risk."

this stage, it would need to add a substantial amount of cash to its all-stock bid. AT&T's offer was worth \$67% a share when it was launched, with \$30.85 of that in cash and the rest in stock.

Gambro lifts margins

By Tim Bart in Stockholm

Gambro, the Swedish healthcare and medical technology company, has reported its first upturn in operating margins since embarking on a SKr1.1bn (\$132m) restructuring to cut costs and improve profitability.

He emphasised, however, that the group - one of the world's largest providers of renal care clinics and equipment - was unlikely to achieve its target of margins above 20 per cent before the end of 2000.

NEWS DIGEST

CORPORATE GOVERNANCE

Harnischfeger extends shareholder rights

Harnischfeger, the US papermaking and mining equipment manufacturer facing a proxy battle begun by a dissident minority shareholder, announced that its board had approved changes to its corporate governance structure.

However, the changes do not fully meet Trinity's demands: for example, Harnischfeger will not separate the position of chairman and chief executive, but rather have a board committee review this annually.

PHARMACEUTICALS

Merck earnings rise 15%

Merck, the US pharmaceuticals company, reported earnings per share for the first quarter of 54 cents, an increase of 15 per cent from a year earlier, driven by growth in established and newer products as well as growth in the Merck-Medco Managed Care business.

"Solid volume gains in both our domestic and international operations contributed to the results," said Raymond Gilman, chairman.

Merck said Astra's one-time payment to Merck of about \$1.8bn as a result of the merger with Zeneca PLC, in return for relinquishment by Merck of certain product rights, would be reflected in the second-quarter results.

Abbott names new chairman

Abbott Laboratories, the Chicago-based pharmaceuticals and healthcare products group, has named Miles White as its next chairman.

Mr White won a three-man race last year to succeed Duane Burnham as chief executive of the company. The new chairman previously ran Abbott's diagnostics division, and there has already been speculation that Abbott - a rather low-profile company under Mr Burnham's reign - may take a more aggressive, acquisition-minded approach under his leadership.

SETTLEMENT SYSTEMS

Coredeal seeks UK recognition

Coredeal, the screen-based settlement system being developed by the International Securities Market Association, has applied for recognition from the UK regulatory authorities.

lama says the new platform will reduce trading costs, ease the likelihood of systemic risk through the provision of a central counterparty, and enhance liquidity.

Coredeal expects to receive its licence to operate as a recognised investment exchange from the UK's Financial Services Authority in October, when the exchange will be technically ready.

ELECTRICITY

Enel advances by 29%

Enel, Italy's state-owned electricity company, announced on Friday a 29 per cent increase in net profits last year, mainly due to increased productivity, improved operating efficiency and cost-cutting.

STEEL

SSAB sees prices picking up

SSAB, the Swedish steel producer, said last week that product prices in some segments of the steel industry were picking up, with the market situation improving due to limited production in western Europe and fewer imports.

Iridium faces writ from shareholders

By Christopher Price in London and Andrew Edgecliffe-Johnson in New York

Iridium, the troubled satellite phone group, faced further upheaval at the weekend with news that shareholders had filed a lawsuit against it.

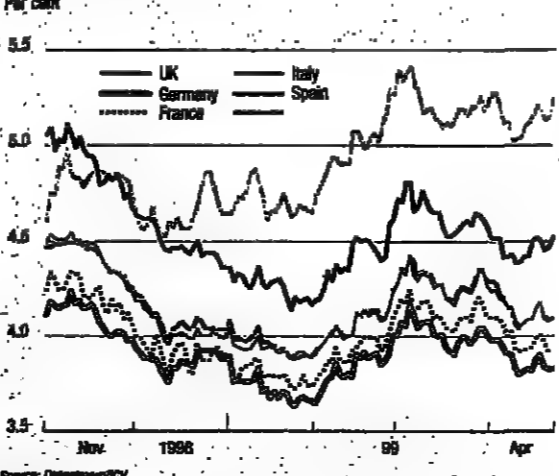
with the satellite system and the resulting adverse effect on subscribers and revenues. Iridium is due today to announce its first-quarter results and to explain how it intends to proceed.

When the \$5bn service launched in November it was the first handheld satellite mobile phone, enabling calls to be made to and from anywhere in the world.

The writ, filed in the District Court of Columbia, alleges that Iridium failed to alert investors to difficulties

However, after poor sales, Iridium announced last month it would miss its first-quarter subscriber and revenue targets and would breach banking covenants.

10-year benchmark bonds



SKB BANKA 8th Annual General Meeting of SKB BANKA D.D., SLOVENIA. Agenda items include: 1.0 Opening of the Annual General Meeting, 2.0 Speech by the President of the Bank's Management Board, 3.0 Report on the operations of SKB BANKA D.D. in 1998, 4.0 Proposal for amendments and supplements to the By-laws of SKB BANKA D.D., 5.0 Proposal for the appointment of new members of the Bank's Supervisory Board.

NOTICE OF REDEMPTION OF U.S. Bancorp (the "Issuer") Formerly First Bank System, Inc. Subordinated Floating Rate Notes due November 2010. NOTICE IS HEREBY GIVEN that all of the outstanding above referenced Notes have been called for redemption by U.S. Bancorp on the next interest payment date, May 28th, 1999.

NOTICE OF SUSPENSION PERIOD AND CONVERSION PRICE ADJUSTMENT TO THE HOLDERS OF WINDROD ELECTRONICS CORPORATION (Incorporated in the Republic of China) 2 per cent Convertible Bonds Due 2003 (the "Bonds").

COMPANIES & FINANCE: INTERNATIONAL

Doubt cast on number of Lycos viewers

By Roger Taylor in San Francisco
Conflicting audience figures have cast doubt over the value of Lycos, one of the larger internet properties and currently the subject of an ownership battle, following a report that shows much a smaller market for Lycos than thought.

Lycos shares jumped by more than a third last week when the company trumpeted figures from MediaMetric, the internet ratings agency, showing that it had overtaken Yahoo! to become the second most visited set of web sites after AOL.com, part of America Online.

However, new figures from Nielsen/NetRatings, a rival agency, reveal a discrepancy in Lycos's viewing figures. While MediaMetric reckons that Lycos reached about 45 per cent of all home internet users last month, putting it roughly equal with Yahoo!, Nielsen/NetRatings estimates that it only reaches only 33 per cent, well below the leaders.

The information is important because audience reach is one of the main factors in determining a site's value. The value of Lycos is of particular concern as the company is trying to complete an agreed merger with Home Shopping Network, the TV channel, in the face of opposition from its lead-

Leadership at Statoil in troubled waters

Cost overruns and a new board mean urgent changes ahead, writes Valeria Sköld

There is a bizarre soap opera unfolding in Norway's mighty oil empire, raising questions about the country's handling of its oil affairs. Tomorrow, Harald Norvik, one of the most powerful business leaders in Norway, will offer to resign as chief executive of Statoil, the state-owned oil company that is the country's largest enterprise and has NK107bn (\$13.7bn) in revenues.

Terje Voreberg, his second in command, will also offer his resignation. This follows news last week that seven out of 10 board members will not be re-elected by the government at tomorrow's annual general meeting. Only the three employees' representatives remain.

Among Norway's industrial elite leaving the board is Tormod Hermansen, chief executive of Telenor, Nor-

if the new board accepts his resignation. And Mr Norvik now fears that his chairmanship of the partially state-owned Scandinavian Airlines System may be threatened by a lack of confidence from the government.

"I don't think this is a political vendetta," Mr Norvik said in an interview at the weekend. "But the process is somewhat special because [Statoil] is owned by the state."

He downplayed the cost overruns, saying the Aasgard project was not a scandal, but rather too optimistic. Unlike the cost overruns at the Mongstad refinery project 11 years ago - which led to the departure of Arve Johnsen, his predecessor - Aasgard is a profitable project whose escalating cost was openly acknowledged, Mr Norvik said.



Harald Norvik: cost overruns due to over optimism

which would lead to the country's largest ever public share offering.

Ms Lohmeisen's selection of a new Statoil chairman tomorrow, as well as the attitude the new board takes towards Mr Norvik's offer to leave, will determine the stance the centre-led government - historically averse to

IBM, Siemens in chip deal PSEG starts in Venezuela

By David Owen in Paris

International Business Machines, the US computer group, is planning to team up with Siemens of Germany to redevelop its memory chip factory at Corbeil-Essonnes near Paris at a cost of FF3.8bn (\$457m, \$466m) and more than 1,000 jobs.

By Raymond Collis in Caracas

A consortium led by Public Service Enterprise Group (PSEG), the US energy company, began construction at the weekend of three power plants in Venezuela's central-northern industrial belt.

Industrial clients in the cities of Maracaibo, Valencia and Cagua. Blackouts there average 40 hours a month, industry figures say, as cash-strapped public power companies have cut back maintenance and investment in recent years.

Turboven's electricity rates are not subject to government regulations and are negotiated with its clients. Venezuelan governments have repeatedly delayed contractual tariff increases in recent years, thus increasing uncertainty in a sector considered poorly regulated.

S&P concern at Edesur fine

By Ken Warn in Buenos Aires

A \$75m fine imposed last week on Edesur, the Argentine electricity distribution company, has raised concerns about the level of regulatory risk faced by Argentine utilities, Standard & Poor's, the credit rating agency, has warned.

The fine imposed by ENRE, the industry regulatory body, after Argentina's worst-ever power blackout appeared to have provisions well beyond the provisions of the concession contract, said S&P. Local analysts said the contract and regulatory framework appeared to allow for a fine in the order of \$1m.

DEMUTUALISATION CANADA'S LIFE GROUPS WILL HAVE TWO YEARS AFTER LISTINGS TO ACHIEVE SURVIVAL SCALES

Insurers poised to fight off banking giants

By Edward Alden in Toronto

For a Canadian stock market that has suffered from a dearth of high-quality equity offerings, the demutualisation of Canada's four leading mutual life insurers could not have come at a better time.

But the excitement of the IPOs will not last long. Despite their franchise strength, the companies face a struggle to remain independent in a financial services market dominated by the large banks.

The banks - the biggest of which, the Royal Bank of Canada, has assets larger than the four insurance companies combined - are already moving into the insurance business and will be ready to acquire any of the four at the earliest opportunity.

Certainly the Canadian mutual companies appear in good shape to flourish as public companies. With the exception of Mutual Life, which is heavily focused in Canada, they are among the most internationally diversified insurance companies in the world and all four are strong performers in their chosen markets.

White the Canadian market is highly competitive and life insurance sales have been stagnant, that has mostly hurt foreign insurers, many of which have exited the market.

CONTRACTS & TENDERS

ANNOUNCING A THIRD PUBLIC CALL FOR TENDERS FOR THE TOTAL ASSETS OF ECON INDUSTRIES S.A.
BANK OF CRETE S.A.
ASSET FOR SALE
BUSINESS DESCRIPTION
The company was established in 1998 in Italy. It is owned and controlled by ECON INDUSTRIES S.A.
OFFERING MEMORANDUM - ADDITIONAL INFORMATION
Interested parties may obtain a detailed Offering Memorandum and any other information on applying to the Offeror.

FT GUIDE TO WORLD CURRENCIES

Table with columns for currency, unit, and various exchange rates. Includes sub-sections for EURO, US DOLLAR, and other major currencies.

Exchange merger pl... Little sign of prices of soft... AKZO

COMPANIES & FINANCE: INTERNATIONAL

Exchanges in merger plan

By Edward Alden in Toronto

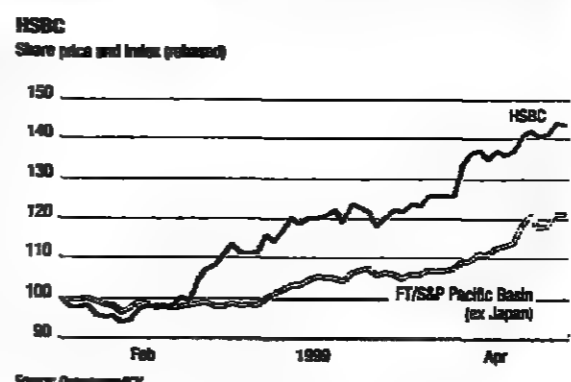
Canada's two largest junior stock exchanges are to merge to form a single Canadian junior capital market. The agreement, which must still be ratified by the member companies of each exchange, is an important step in the larger restructuring of Canadian stock exchanges agreed in principle last month. The Alberta and Vancouver stock exchanges plan to begin operating as a single entity by the end of this year. The new exchange, which will include the over-the-counter Canadian Dealing Network, will focus on raising capital for junior mining and energy companies, as well as high-technology start-ups. The small Winnipeg Stock Exchange has also been invited to join the new exchange. It will operate nationally as a subsidiary of the Toronto Stock Exchange, which will become Canada's sole exchange for larger companies. Small companies from the Montreal Stock Exchange will be listed on the junior exchange while larger companies will be listed in Toronto. The plan is expected to face the greatest opposition in Quebec, where some smaller companies object to being listed on an exchange in which the leading operations are in English-speaking western Canada. Under the restructuring plan, Montreal will become Canada's only futures exchange but will cease to trade equities. What was expected to be a difficult fight over the location of the new junior exchange was defused by an agreement to split the functions. Vancouver will be the trading centre while management, planning and corporate finance will have headquarters in Calgary. Separately, the chairman of the Toronto Stock Exchange said in an interview that the restructuring plan would not be derailed by the surprise resignation of Rowland Fleming, TSE president, last week.

EMERGING MARKETS EQUITIES RECOVERY IS A SIGN OF HIGHER STABILITY OR SIMPLY LIQUIDITY-DRIVEN, DEPENDING ON WHOM YOU ASK Institutions tempted to test Asian waters

By Peter Montagnon, Asia Editor

Governments do not like hedge funds much when they are selling a nation's currency or its stock market. When they come in as buyers, though, they are a bit more welcome. Even Mahathir Mohamad, Malaysia's notoriously irascible prime minister, had some grudging words of satisfaction last week at the way foreign buyers were helping boost Malaysian equities and fuelling demand for its international bonds. For leaders such as Dr Mahathir, the improved tone of the markets is a comforting confirmation that the recession which has caused the region so much pain over the past 18 months is finally on the wane. For market practitioners, though, the difficult task remains sorting out how much of this year's astonishing gains by Asian equity markets are driven by liquidity or real fundamental improvement. Many experts remain worried that liquidity is driving the markets to unwarranted

high. "This could all end quite abruptly," says Charles Brock, Asia director at Foreign and Colonial in London. Mr Brock argues that the gains, which have seen the Hong Kong, Singapore and South Korean markets rise around 30 per cent since the start of the year, are driven basically by liquidity flows. Some of this liquidity has been generated within Asia as a result of lower interest rates and high balance of payments surpluses, he says. Some reflects an inflow from international emerging market investors, some is a spill-over of inflows into Japan and some is covering by hedge funds. For Mr Brock the markets have been driven up too far too fast. The Hang Seng index is only about 3,000 points short of its previous peak, but since then property prices in Hong Kong have halved and real interest rates have turned from negative to positive. A sharp improvement in the fundamental background is now required to justify these levels, he says. Others are more sanguine. One reason is that corporate



earnings in Asia are set to rebound much more sharply than the real economy as exceptional items like provisions for property and loan losses fall out of company and bank accounts. According to Dan Fineman at Jardine Fleming in Hong Kong, earnings in non-Japan Asia will grow 38 per cent this year, a remarkable rebound from a 32 per cent fall in 1998. Admittedly the underlying growth will still only be in the high single digit range, but even this will be faster than nominal GDP growth because of the

high level of operational gearing at many companies. On a forward looking basis Hong Kong shares are trading on a price/earnings ratio of around 17 which is not cheap, but nominal interest rates have come down so valuations do not look quite so stretched, he argues. Peter Churchouse at Morgan Stanley in Hong Kong is somewhat less bullish on earnings but agrees that a big boost is in the offing. Provisions created by Hang Seng listed companies last year were HK\$43bn (US\$5.5bn) against stated

earnings of HK\$124bn. If only half those provisions drop out this year there will still be a substantial boost to earnings from that factor alone. Moreover, the really big international investors have only just begun to sit up and take notice, he says. While a boost came initially from dedicated regional funds winding down their cash positions, there has not yet been a large asset allocation shift by broader-based emerging market investors. "In the last couple of weeks we have seen a bit of evidence of asset allocation coming, but don't for a moment think it is a flood." For the money to flow freely requires two basic conditions to be met. One is that the signs of incipient recovery continue. That there are such signs - from the sharp turnaround in exports from Taiwan to rising car sales in Malaysia - is beyond dispute. But the momentum could easily be interrupted by renewed weakness in the Japanese or Chinese economy, political turmoil in Indonesia at election time,

or by a collapse on Wall Street. The other is that investors will increasingly have to diversify away from large capitalisation stocks in larger markets, which, as the chart suggests, have substantially outperformed the market as a whole and now look fully valued. So far the desire to climb aboard the bandwagon has been matched by a desire for liquidity, a factor which some argue helps explain the recent gains in Malaysia, a market with a relative preponderance of larger issues. Smaller markets like Thailand and the Philippines have underperformed in the last run-up in prices. But a move into these less liquid markets - or into the second line issues in larger markets like Hong Kong - requires a great deal of courage and a firm belief that what is happening now is the start of a real economic rebound. The capitalisation of Asian markets has shrunk dramatically during the recession, leaving them much less liquid than before. Getting out is a lot harder than getting in.

Little sign of recovery in prices of soft commodities

By Paul Sokman

Coffee, sugar and cocoa prices have plunged to historical lows and show little sign of recovering despite better news among other commodities. Raw sugar futures prices have halved since the beginning of the year to their weakest for 13 years, while white sugar prices are at a record low, having lost a third of their value this year. Cocoa has hit a six-year low in London, losing more than a quarter of its value since January, and coffee has shed about 20 per cent this year. The falls are in striking contrast to crude oil, which has jumped 45 per cent in four months to more than \$15 a barrel in London.

Sugar's problem is burgeoning supplies. The global market has been in surplus since 1994, and top producers expect bumper crops. Brazil, which last year overtook the European Union as the world's biggest producer, has also dragged prices down. Heavy oversupply in its alcohol market has persuaded cane growers to divert their crops into sugar production. Brazil is expected to produce 19m tonnes of sugar in the current season against 16m last time. On top of that, the devaluation of the Real has encouraged exports. Raw sugar prices in New York are now around 4.5 cents a pound against 10 cents this time last year, while London white sugar futures have

fallen to \$187 a tonne from \$276. Booming supplies have also hit coffee prices, with leading producers such as Brazil and Indonesia on track for record crops this year and futures prices at their lowest for more than two years. Even Hurricane Mitch, which devastated central America's coffee industry last year, has failed to prevent a global coffee surplus. The drop in cocoa prices is more difficult to explain. Analysts say the market is in deficit this season, but demand has slowed and cocoa grindings in Germany, Europe's biggest cocoa bean importer, fell 22 per cent in the first quarter compared with the same period last year.

Polish shipyard may bid for Kvaerner units

By Christopher Bohanski in Warsaw and Vukobrat Stokich in Oslo

Stocznia Gdynia, the Polish shipbuilder, is considering a bid for all or part of the shipbuilding activities that Kvaerner, the troubled Anglo-Norwegian engineering and construction group, has said it wants to sell.

"We are considering participating in resolving Kvaerner's problems with its shipbuilding divisions," said Janusz Szlanta, Gdynia chief executive. Were Stocznia Gdynia to be successful in taking over some of Kvaerner's assets then this would be the first time that a company in a post communist country had

acquired a corporate target in western Europe. However, shipbuilding experts played down the possibility of Gdynia being able to parake in Kvaerner's planned exit from its shipbuilding activities. Also, it is understood that Kvaerner has yet to receive an approach from Stocznia Gdynia.

Although Gdynia has some similarities with Kvaerner's German yard in Warnow, analysts questioned whether Gdynia would have the financial muscle to complete a deal. Any interested company would have to absorb part of NKr2bn-NKr3bn (\$256m-\$385m) in net debt depending on the type of deal, as Kvaer-

ner is considering joint ventures, a sale and a spin-off to shareholders. Moreover, Kvaerner would prefer to sell the main yards in Finland, Germany and the US, representing more than NKr7bn of its NKr12bn in shipbuilding revenues, as a package. Gdynia, in comparison, had only \$400m in sales last year.

Table with 5 columns: BIDDER/INVESTOR, TARGET, SECTOR, VALUE, COMMENT. Rows include Deutsche Telekom (Ger) Telecom Italia (Italy), Roche (Switz) Conange (Bermuda), Endesa (Spain) Endesa Chile (Chile), etc.

AKZO NOBEL logo and text: The Board of Management of Akzo Nobel N.V. announces that the Annual Meeting of Shareholders, held in Arnhem on April 22, 1999, has decided to distribute for the fiscal year 1998 a dividend of NLG 2.15 per common share of NLG 5. An interim dividend of NLG 0.65 was made payable on November 16, 1998. The final dividend of NLG 1.50 per common share, less 25% withholding tax, will be payable from May 10, 1999.

Notice of Change of Address of the Principal Paying Agent for National Westminster Bank Plc £100,000,000 11% Subordinated Notes 2001. NOTICE IS HEREBY GIVEN that on 1 May 1999 National Westminster Bank Plc, Principal Paying Agent for the above issue, will be moving to the following address: P O Box No 10, Turnpike House, 123 High Street, Crawley, West Sussex, RH10 1DQ.

WEEKEND FT advertisement: Now to spend it. home fixers, wreck divers, cyber buyers. Refining the art of domestic delegation, searching for sunken Filipino treasure and bidding for Michael Owen's shorts on the internet. All in how to spend it colour magazine, free with the Weekend FT this Saturday. FINANCIAL TIMES World business newspaper.



MARKETS WEEK

April 26 - May 2



NEW YORK

By Tracy Corrihan

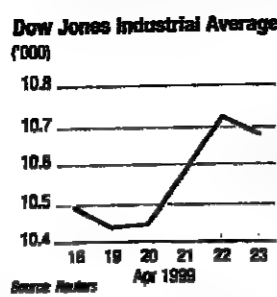
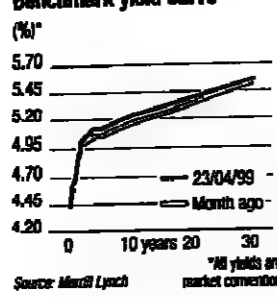
This week's "expected news that employment costs remained benign in the first quarter should anchor long-term bond yields and short-circuit, for the time being, renaissance fears that a Fed tightening is drawing near", according to Salomon Smith Barney.

The first-quarter employment costs index, due on Thursday, is expected to show a gain of 0.5 per cent, according to Standard & Poor's MIMS, down from 0.7 per cent.

Analysts at Donaldson, Lufkin & Jenrette warned that "upcoming economic statistics are likely to reveal continued strength in the US economy". But they cautioned that "we do not believe a firming will be undertaken" and predicted 30-year bond yields will end the year at 5.75 per cent.

Among other data due this week are April consumer confidence numbers on Tuesday and durable goods orders on Wednesday.

Benchmark yield curve



Analysts will also be looking for guidance on the emerging global economic picture from the Group of Seven finance ministers' and central bank heads' meeting in Washington, ahead of the International Monetary Fund/World Bank Spring Meeting which starts on Tuesday.

LONDON

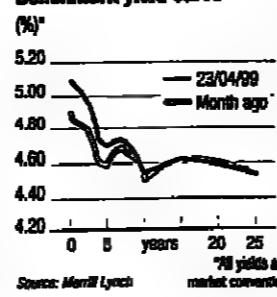
By Stow Thompson

After last week's roller-coaster performance, which saw the two main FTSE indices, the 100 and the All-Share hit record levels, fall steeply and then rally, in theory it should be a quieter run-up to the May Day bank holiday weekend.

There is little in the way of domestic economic news, outside of the trade figures - February global numbers and March non-EU figures - and the Confederation of British Industry's April survey of industrial trends.

The latter will give much-needed pointers to the state of manufacturing. Last week saw conflicting economic signals with strong earnings numbers causing unease in those looking for further cuts in UK interest rates, although a subdued retail sales figure for March, up 0.4 per cent, helped to restore some of those hopes.

Benchmark yield curve



points in a single session, was sourced in the US where high-tech/internet stocks plummeted, only to rally strongly, helped by super-earnings from IBM and by the emergence of more massive takeover/merger news topped by the AT&T bid for MediaOne. More bids in the UK cannot be ruled out.

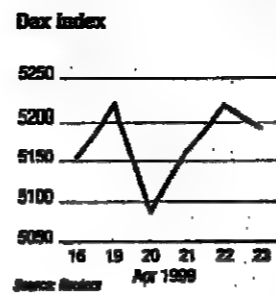
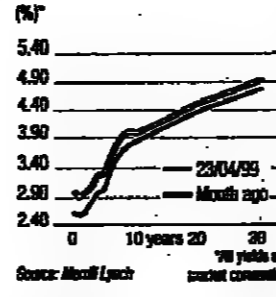
FRANKFURT

By Tony Barber

A growing belief that the German economy has turned the corner is finally injecting some life into the stock market, but investor sentiment remains fragile. The Dax 30 blue-chip index has crept upwards for the past two weeks, closing last Friday at 5,185.42, as the market detects signs of a modest return of business confidence and anticipates a recovery in German exports in the second half of this year.

Eckhard Schulte of I&J Research in Frankfurt says the negative fall-out from the emerging markets crisis has been overcome, and the inventory cycle is pointing to an economic turnaround from this summer. However, prospects for a tax cut for the business sector remain uncertain as they would require determined spending cuts by the centre-left coalition government.

Benchmark yield curve



Kosovo war by some Greens and left-wing Social Democrats. This week is a busy one for chemicals and pharmaceuticals with Hoechst publishing its first-quarter results on Thursday. Schering, BASF and Bayer hold their annual meetings.

TOKYO

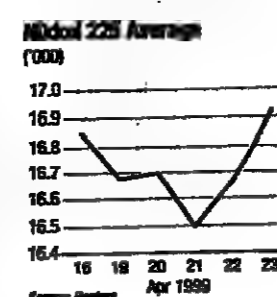
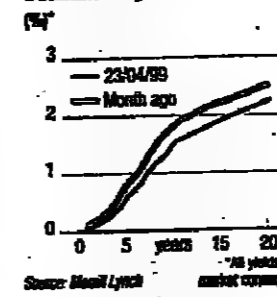
By Naoko Nakamae

The wave of announcements of mergers and acquisitions, joint ventures, restructuring and debt forgiveness looks set to continue this week, as corporate Japan struggles to reshape itself.

In particular, the focus on the telecommunications sector will continue, as investors await the outcome of the bidding war over IDC, the Japanese carrier. They will also pay close attention to Japan Telecom amid news that AT&T and British Telecommunications are each likely to take a 15 per cent stake in the company.

Some of the smaller securities houses will kick off the week by announcing their 1998 results. These follow the announcement of large net losses from brokers such as Nomura, Daiwa and Nikko last week.

Benchmark yield curve



are pretty positive about the market. I think they will continue to put money in," says Jeremy Markwick Smith, salesman at Paribas Capital Markets in Tokyo. "But recent warnings about the Japanese economy will make them reluctant to rush into cyclical and industrial stocks," he adds.

LONDON RECENT ISSUES: EQUITIES

Table with columns: Issue, Price, Change, etc. listing recent equity issues in London.

RIGHTS OFFERS

Table with columns: Issue, Price, Change, etc. listing rights offers.

FTSE GOLD MINES INDEX

Table showing FTSE Gold Mines Index performance and components.

COMPANIES DIARY

New products expected to lift AT&T

AT&T, which last week sprang an unsolicited \$58bn bid on MediaOne, the US cable company, and yesterday announced a move into Japan, is expected this week to report first-quarter earnings per share of about 88 cents, against 77 cents a year earlier, with most of the improvement attributable to revenue gains from newer products, analysts said.

Loan loss provisions are expected to see fairly strong growth, reflecting the economic slowdown in Latin America and higher loan volume growth in Spain. Operating profits are expected to increase 12-14 per cent, with costs showing only a modest increase thanks to restructuring efforts.

share of 28 cents, wider than a year earlier despite growing revenues, as the company invests in infrastructure and sales and marketing, analysts said. Last time's loss was 14 cents. Revenues are expected to be \$260m-\$270m, higher than the seasonally strong fourth quarter, boosted by growth in online commerce.

Analysts said while demand overall looks reasonably robust, with an upbeat outlook for the US economy as a whole, no real synergy benefits from the merger would be seen until later in the year, with 80 per cent of the overall savings expected in the fourth quarter.

STOCK INDICES

Table showing stock indices for various markets including FTSE 100, Nikkei 225, etc.

Table showing stock indices for various markets including DAX, etc.

MONDAY

Banco Santander Central Hispano will report net profit after minorities of Ptas61.5bn (\$10.2m), up from a pro forma Ptas42.1bn, according to analysts' estimates.

TUESDAY

America Online is expected to report higher third-quarter earnings of 9 cents, against 4 cents, on continued growth of its subscriber base and a growing contribution from online advertising and electronic commerce.

WEDNESDAY

Amazon.com is expected to report a first-quarter loss per

THURSDAY

BASF first-quarter results, to be released at the annual meeting, are expected to show significant year-on-year falls, reflecting the weakness in the chemicals sector and low oil prices in the quarter.

FRIDAY

Similarly, first-quarter sales at Bayer are expected to come in at \$6.8bn-\$7.1bn, down from \$7.3bn, analysts said. Pre-tax profit is expected to be \$620m-\$693m (\$745m).



ROBECO N.V. BEARER SHARE CERTIFICATES WITH COUPONS ATTACHED. Includes details on coupon payments and share certificates.

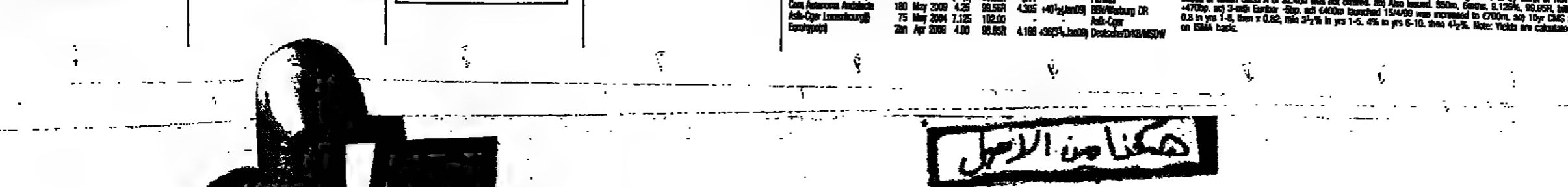
ROLINCO N.V. BEARER SHARE CERTIFICATES WITH COUPONS ATTACHED. Includes details on coupon payments and share certificates.

NEW INTERNATIONAL BOND ISSUES. Table listing various international bond issues with columns for issuer, amount, maturity, coupon, price, yield, launch, and bank.

EUROPEAN INVESTMENT BANK and REPUBLIC OF AUSTRIA. Includes details on investment services and government bonds.

U.S. \$300,000,000 Province de Quebec Floating Rate Notes Due 2001. Includes details on the floating rate notes.

The Republic of Venezuela U.S. \$998,562,000 Collateralized Floating Rate Bonds due 2020. Includes details on the floating rate bonds.



“Geneva’s Private Bankers did not just improve the profession. They created it.”

We, the Private Bankers of Geneva, are proud to have created, two centuries ago, a vocation that continues to bring so much to this city and, very importantly, to our clients. As well as astute asset management, it comprises a level of personal service and respect for privacy that cannot be duplicated elsewhere.



GENEVA'S PRIVATE BANKERS

LIBERTY · INDEPENDENCE · RESPONSIBILITY

IN GENEVA:

BORDIER & Cie - **DARIER HENTSCH & Cie** - **LOMBARD ODIER & Cie** - **MIRABAUD & Cie** - **PICTET & Cie**
(1844) (1796) (1798) (1819) (1805)

*The Groupement des Banquiers Privés Genevois is not regulated in the United Kingdom and does not conduct any investment business in the United Kingdom. The protection afforded to investors under the UK regulatory system would not apply and compensation under the Investors Compensation Scheme would not be available. This advertisement has been approved by Lombard Odier Private Asset Management Limited and Pictet Asset Management UK Limited, regulated by IMRO.

CURRENCIES & MONEY

US GDP in focus

By Alan Beattie

After the data last week suggested that the UK would avoid recession and could be set for a resumption of fast growth, this week should show whether its Anglo-Saxon counterpart across the Atlantic can follow suit.

A return of risk aversion and fears about the US current account deficit resurface, a weak net trade position may spell trouble ahead for the currency.

But the relatively strong consumption growth in the US should mean that there is little risk as yet of the US even beginning to flirt with recession.

Meanwhile the market will be watching the official G7 and IMF meetings which start in Washington this week for evidence of government attitudes to the level of the large currencies.

The first estimate of US gross domestic product growth for the first quarter of 1999 is released on Friday.

Most analysts expect the roaring growth at the end of 1998 - an annualised rate of 6 per cent - to slow considerably as the effect of weaker net trade sets in.

But with the Japanese authorities in particular keen to prevent an uncontrolled appreciation of the yen, any pronouncements or hints on likely target levels will be eagerly lapped up by traders.

Economic assessments and policy pronouncements at the summits may also provide some clue to future economic performance in some of the larger economies.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Country, Currency, Bid, Ask, Spread, etc. Lists various international currencies and their rates against the pound.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Country, Currency, Bid, Ask, Spread, etc. Lists various international currencies and their rates against the dollar.

WORLD INTEREST RATES

Table with columns: Country, Currency, Rate, etc. Lists interest rates for various countries and currencies.

INTERNATIONAL CURRENCY RATES

Table with columns: Country, Currency, Rate, etc. Lists international currency rates.

CROSS RATES AND DERIVATIVES

Table with columns: Currency, Rate, etc. Lists cross rates and derivatives.

EXCHANGE CROSS RATES

Table with columns: Currency, Rate, etc. Lists exchange cross rates.

UK INTEREST RATES

Table with columns: Term, Rate, etc. Lists UK interest rates for various terms.

OTHER CURRENCIES

Table with columns: Currency, Rate, etc. Lists other currencies and their rates.

POUND IN NEW YORK

Table with columns: Date, Rate, etc. Lists the pound's performance in New York.

UK MONEY RATES

Table with columns: Term, Rate, etc. Lists UK money rates.

BASE LENDING RATES

Table with columns: Bank, Rate, etc. Lists base lending rates for various banks.

UK GILTS PRICES

Table with columns: Maturity, Price, etc. Lists UK gilt prices.

UK MONEY RATES

Table with columns: Term, Rate, etc. Lists UK money rates.

BASE LENDING RATES

Table with columns: Bank, Rate, etc. Lists base lending rates for various banks.

UK GILTS PRICES

Table with columns: Maturity, Price, etc. Lists UK gilt prices.

UK GILTS PRICES

Table with columns: Maturity, Price, etc. Lists UK gilt prices.

UK MONEY RATES

Table with columns: Term, Rate, etc. Lists UK money rates.

BASE LENDING RATES

Table with columns: Bank, Rate, etc. Lists base lending rates for various banks.

UK GILTS PRICES

Table with columns: Maturity, Price, etc. Lists UK gilt prices.

UK GILTS PRICES

Table with columns: Maturity, Price, etc. Lists UK gilt prices.

UK MONEY RATES

Table with columns: Term, Rate, etc. Lists UK money rates.

BASE LENDING RATES

Table with columns: Bank, Rate, etc. Lists base lending rates for various banks.

UK GILTS PRICES

Table with columns: Maturity, Price, etc. Lists UK gilt prices.

UK GILTS PRICES

Table with columns: Maturity, Price, etc. Lists UK gilt prices.

UK MONEY RATES

Table with columns: Term, Rate, etc. Lists UK money rates.

BASE LENDING RATES

Table with columns: Bank, Rate, etc. Lists base lending rates for various banks.

UK GILTS PRICES

Table with columns: Maturity, Price, etc. Lists UK gilt prices.

UK GILTS PRICES

Table with columns: Maturity, Price, etc. Lists UK gilt prices.

UK MONEY RATES

Table with columns: Term, Rate, etc. Lists UK money rates.

BASE LENDING RATES

Table with columns: Bank, Rate, etc. Lists base lending rates for various banks.

UK GILTS PRICES

Table with columns: Maturity, Price, etc. Lists UK gilt prices.

UK GILTS PRICES

Table with columns: Maturity, Price, etc. Lists UK gilt prices.

UK MONEY RATES

Table with columns: Term, Rate, etc. Lists UK money rates.

BASE LENDING RATES

Table with columns: Bank, Rate, etc. Lists base lending rates for various banks.

UK GILTS PRICES

Table with columns: Maturity, Price, etc. Lists UK gilt prices.

UK GILTS PRICES

Table with columns: Maturity, Price, etc. Lists UK gilt prices.

UK MONEY RATES

Table with columns: Term, Rate, etc. Lists UK money rates.

BASE LENDING RATES

Table with columns: Bank, Rate, etc. Lists base lending rates for various banks.

UK GILTS PRICES

Table with columns: Maturity, Price, etc. Lists UK gilt prices.

UK GILTS PRICES

Table with columns: Maturity, Price, etc. Lists UK gilt prices.

UK MONEY RATES

Table with columns: Term, Rate, etc. Lists UK money rates.

BASE LENDING RATES

Table with columns: Bank, Rate, etc. Lists base lending rates for various banks.

UK GILTS PRICES

Table with columns: Maturity, Price, etc. Lists UK gilt prices.

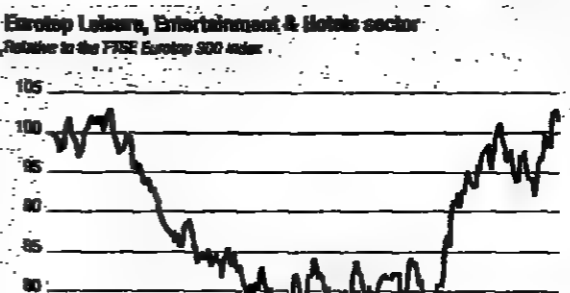
UK GILTS PRICES

Table with columns: Maturity, Price, etc. Lists UK gilt prices.

European leisure stocks find place in sun

The return of consumer confidence has given the sector its own taste of the feelgood factor, writes Elizabeth Robinson

Warmer sentiment towards cyclical stocks has helped the leisure sector within the Eurotop 300...



There are several years of upward still to go... Ladbroke's purchase of Stakis earlier this year...

The return of consumer confidence gave each company the UK, each reported increased occupancy and higher profits for 1998...

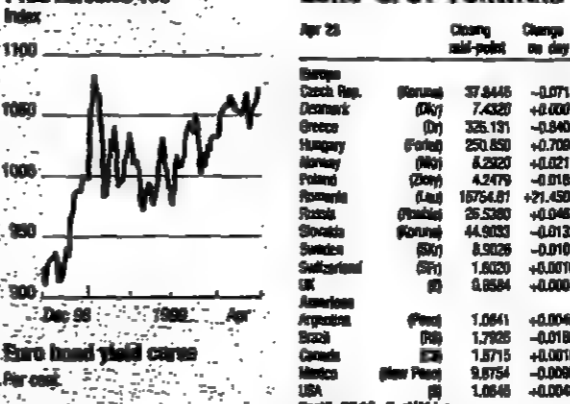
In 2000 there should be further reasonable progress... While all three stocks have benefited from the cycle...

Another analyst is more fearful... "While there is no real serious threat of terrorist activity, hotel stocks will be safe..."

CURRENCIES, MONEY & BOND

Table with columns for currency, money, and bond data, including Euro-zone bonds.

FTSE EUROPE 100



EURO SPOT FORWARD AGAINST THE EURO

Table showing Euro spot forward rates against the Euro for various currencies.

FTSE EUROTOP 300

Table showing FTSE Eurotop 300 index performance and related data.

EURO.NM

Table showing Euro.NM index performance and related data.

EURO.NM

Table showing Euro.NM index performance and related data.

OTHER INDICES

Table showing other market indices.

EURO.NM

Table showing Euro.NM index performance and related data.

EURO.NM

Table showing Euro.NM index performance and related data.

FTSE EUROTOP 300

Large table showing FTSE Eurotop 300 constituent stocks and their performance.

EURO.NM

Large table showing Euro.NM constituent stocks and their performance.

EURO.NM

Large table showing Euro.NM constituent stocks and their performance.

We want your business.

For more information on business advertising please call: Tel: +44 171 873 4874 Fax: +44 171 873 3064

World Steel Industry Thursday May 13

For further information please contact Catherine Markay in Edinburgh Tel: +44 171 873 4281 Fax: +44 171 873 4862 Email: haj@haffjeze-FT.com

FINANCIAL TIMES No FT, no comment.

LONDON SHARE SERVICE

AEROSPACE & DEFENCE

Table listing companies in the Aerospace & Defence sector, including names like BAE Systems, British Aerospace, and Lockheed Martin, with columns for share price and change.

AUTOMOBILES

Table listing companies in the Automobiles sector, including names like Ford, Renault, and Volkswagen, with columns for share price and change.

BANKS

Table listing companies in the Banks sector, including names like HSBC, Citigroup, and Royal Bank of Scotland, with columns for share price and change.

BEVERAGES

Table listing companies in the Beverages sector, including names like Diageo, Unilever, and Asahi, with columns for share price and change.

CHEMICALS

Table listing companies in the Chemicals sector, including names like BASF, Dow Chemical, and DuPont, with columns for share price and change.

CONSTRUCTION & BUILDING MATERIALS

Table listing companies in the Construction & Building Materials sector, including names like Balfour Beatty, Bechtel, and Bovis Lend Lease, with columns for share price and change.

CONSTRUCTION & BUILDING MATERIALS - Continued

Continuation of the Construction & Building Materials table.

DISTRIBUTORS

Table listing companies in the Distributors sector, including names like Marks & Spencer and Debenhams, with columns for share price and change.

FOOD & DRUG RETAILERS

Table listing companies in the Food & Drug Retailers sector, including names like Asda and Sainsbury, with columns for share price and change.

FOOD PRODUCERS & PROCESSORS

Table listing companies in the Food Producers & Processors sector, including names like Unilever and Nestle, with columns for share price and change.

FOOD PRODUCERS & PROCESSORS - Continued

Continuation of the Food Producers & Processors table.

FORESTRY & PAPER

Table listing companies in the Forestry & Paper sector, including names like Weyerhaeuser and International Paper, with columns for share price and change.

ENGINEERING & MACHINERY - Continued

Continuation of the Engineering & Machinery table.

FOOD & DRUG RETAILERS

Table listing companies in the Food & Drug Retailers sector, including names like Asda and Sainsbury, with columns for share price and change.

FOOD PRODUCERS & PROCESSORS

Table listing companies in the Food Producers & Processors sector, including names like Unilever and Nestle, with columns for share price and change.

FOOD PRODUCERS & PROCESSORS - Continued

Continuation of the Food Producers & Processors table.

FORESTRY & PAPER

Table listing companies in the Forestry & Paper sector, including names like Weyerhaeuser and International Paper, with columns for share price and change.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector, including names like British Gas and Centrica, with columns for share price and change.

HEALTH

Table listing companies in the Health sector, including names like GlaxoSmithKline and AstraZeneca, with columns for share price and change.

HOUSEHOLD GOODS & TEXTILES

Table listing companies in the Household Goods & Textiles sector, including names like Next and Debenhams, with columns for share price and change.

HOUSEHOLD GOODS & TEXTILES - Continued

Continuation of the Household Goods & Textiles table.

HOUSEHOLD GOODS & TEXTILES - Continued

Continuation of the Household Goods & Textiles table.

HOUSEHOLD GOODS & TEXTILES - Continued

Continuation of the Household Goods & Textiles table.

INFORMATION TECHNOLOGY HARDWARE

Table listing companies in the Information Technology Hardware sector, including names like HP and Dell, with columns for share price and change.

INVESTMENT COMPANIES - Continued

Continuation of the Investment Companies table.

INVESTMENT COMPANIES - Continued

Continuation of the Investment Companies table.

INVESTMENT COMPANIES - Continued

Continuation of the Investment Companies table.

INVESTMENT COMPANIES - Continued

Continuation of the Investment Companies table.

INVESTMENT COMPANIES - Continued

Continuation of the Investment Companies table.

INVESTMENT COMPANIES - Continued

Continuation of the Investment Companies table.

INVESTMENT COMPANIES - Continued

Continuation of the Investment Companies table.

INVESTMENT COMPANIES - Continued

Continuation of the Investment Companies table.

INVESTMENT COMPANIES - Continued

Continuation of the Investment Companies table.

INVESTMENT COMPANIES - Continued

Continuation of the Investment Companies table.

INVESTMENT COMPANIES - Continued

Continuation of the Investment Companies table.

INVESTMENT COMPANIES - Continued

Continuation of the Investment Companies table.

Advertisement for Charles Schwab self-select ISA, featuring the slogan 'Lead on the Net.' and contact information for the UK.

Handwritten Arabic text at the bottom of the page.

LONDON SHARE SERVICE

NV TRUSTS SPLIT CAPITAL - Continued

Table listing NV Trusts Split Capital with columns for Name, Price, % Change, Dividend, and Last Date.

MINING - Continued

Table listing Mining companies with columns for Name, Price, % Change, Dividend, and Last Date.

REAL ESTATE - Continued

Table listing Real Estate companies with columns for Name, Price, % Change, Dividend, and Last Date.

SPECIALITY & OTHER FINANCE - Continued

Table listing Speciality & Other Finance companies with columns for Name, Price, % Change, Dividend, and Last Date.

TRANSPORT - Continued

Table listing Transport companies with columns for Name, Price, % Change, Dividend, and Last Date.

AIM - Continued

Table listing AIM companies with columns for Name, Price, % Change, Dividend, and Last Date.

LEISURE, ENTERTAINMENT & HOTELS

Table listing Leisure, Entertainment & Hotels companies with columns for Name, Price, % Change, Dividend, and Last Date.

OIL & GAS

Table listing Oil & Gas companies with columns for Name, Price, % Change, Dividend, and Last Date.

REAL ESTATE - Continued

Table listing Real Estate companies with columns for Name, Price, % Change, Dividend, and Last Date.

STEEL & OTHER METALS

Table listing Steel & Other Metals companies with columns for Name, Price, % Change, Dividend, and Last Date.

SOUTH AFRICANS

Table listing South African companies with columns for Name, Price, % Change, Dividend, and Last Date.

TRADED INDEX SECURITIES

Table listing Traded Index Securities with columns for Name, Price, % Change, Dividend, and Last Date.

LIFE ASSURANCE

Table listing Life Assurance companies with columns for Name, Price, % Change, Dividend, and Last Date.

PACKAGING

Table listing Packaging companies with columns for Name, Price, % Change, Dividend, and Last Date.

RESTAURANTS, PUBS & BREWERIES

Table listing Restaurants, Pubs & Breweries companies with columns for Name, Price, % Change, Dividend, and Last Date.

SUPPORT SERVICES

Table listing Support Services companies with columns for Name, Price, % Change, Dividend, and Last Date.

AIM

Table listing AIM companies with columns for Name, Price, % Change, Dividend, and Last Date.

Alternative Investment Market

Table listing Alternative Investment Market companies with columns for Name, Price, % Change, Dividend, and Last Date.

MEDIA & PHOTOGRAPHY

Table listing Media & Photography companies with columns for Name, Price, % Change, Dividend, and Last Date.

PERSONAL CARE & HOUSEHOLD PRODUCTS

Table listing Personal Care & Household Products companies with columns for Name, Price, % Change, Dividend, and Last Date.

PHARMACEUTICALS

Table listing Pharmaceutical companies with columns for Name, Price, % Change, Dividend, and Last Date.

SOFTWARE & COMPUTER SERVICES

Table listing Software & Computer Services companies with columns for Name, Price, % Change, Dividend, and Last Date.

TELECOMMUNICATIONS SERVICES

Table listing Telecommunications Services companies with columns for Name, Price, % Change, Dividend, and Last Date.

TOBACCO

Table listing Tobacco companies with columns for Name, Price, % Change, Dividend, and Last Date.

REAL ESTATE

Table listing Real Estate companies with columns for Name, Price, % Change, Dividend, and Last Date.

SPECIALITY & OTHER FINANCE

Table listing Speciality & Other Finance companies with columns for Name, Price, % Change, Dividend, and Last Date.

TRANSPORT

Table listing Transport companies with columns for Name, Price, % Change, Dividend, and Last Date.

AIM

Table listing AIM companies with columns for Name, Price, % Change, Dividend, and Last Date.

Alternative Investment Market

Table listing Alternative Investment Market companies with columns for Name, Price, % Change, Dividend, and Last Date.

FT Share Service

Text describing FT Share Service and its offerings.

Advertisement for Interactive Investor website, stating 'If only this page could be updated now. Our pages just have been.' and providing the website URL www.iii.co.uk.

GUIDE TO LONDON SHARE SERVICE

Guide to London Share Service explaining the layout and symbols used in the tables.

FT Share Service

Text describing the FT Share Service and its features.

FT Free Annual Reports Club

Text describing the FT Free Annual Reports Club.

FT Cityline

Text describing the FT Cityline service.

The FT web site

Text describing the FT web site and its content.

FT MANAGED FUNDS SERVICE

FT Online Unit Trust Prices: 0900 543 0010 and try in a 5 digit code listed below. Calls are charged at 010 per minute at all times. International access available by subscription only. For more details call the FT Online Help Desk on (44 177) 870 4376.

OFFSHORE AND OVERSEAS

BERMUDA (FSA RECOGNISED)

Table listing Bermudian funds including Fidelity Corporate Funds Ltd, Fidelity International Funds Ltd, and others with columns for Name, Price, and % Change.

BERMUDA (REGULATED)**

Table listing regulated Bermudian funds including Anderson Investment Management Ltd, Baring International Ltd, and others with columns for Name, Price, and % Change.

CAYMAN ISLANDS (REGULATED)**

Table listing Cayman Islands funds including Adelphi Europe Fund, Africa Emerging Markets Fund, and others with columns for Name, Price, and % Change.

Table listing various international funds including MFS Meridian Funds, Royal Bank of Canada US Fd Mgrs Ltd, and others with columns for Name, Price, and % Change.

Table listing funds from the Isle of Man (FSA Recognised) including M&G Global Growth Fund, and others with columns for Name, Price, and % Change.

Table listing funds from the Isle of Man (Regulated) including M&G Global Growth Fund, and others with columns for Name, Price, and % Change.

Table listing funds from Ireland (FSA Recognised) including M&G Global Growth Fund, and others with columns for Name, Price, and % Change.

Table listing funds from Ireland (Regulated) including M&G Global Growth Fund, and others with columns for Name, Price, and % Change.

Table listing various international funds including MFS Meridian Funds, Royal Bank of Canada US Fd Mgrs Ltd, and others with columns for Name, Price, and % Change.

Table listing various international funds including MFS Meridian Funds, Royal Bank of Canada US Fd Mgrs Ltd, and others with columns for Name, Price, and % Change.

Table listing various international funds including MFS Meridian Funds, Royal Bank of Canada US Fd Mgrs Ltd, and others with columns for Name, Price, and % Change.



Fast-track air travel to Scandinavia? You've got it.

With more direct flights more often from the UK, there's no quicker way to get to our part of the world. For more information about SAS, give us a ring on +44 (0) 181 990 7122, or visit www.sas.co.uk - we're looking forward to seeing you on board soon!



It's pure Scandinavian

Handwritten Arabic text at the bottom of the page, possibly a signature or note.

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

© FT Online Unit Trust Prices: 044 4000 843 0010 and key in a 5 digit code listed below. Calls are charged at 60p per minute at all times. International access available by subscription only. For more details call the FT Online Help Desk on 044 1771 873 4376.

Main table containing financial data for various offshore funds and insurances, organized by region: JERSEY (FSA RECOGNISED), LUXEMBOURG (FSA RECOGNISED), JERSEY (REGULATED), and OFFSHORE INSURANCES. Each entry includes fund name, manager, and numerical values.

FT MANAGED FUNDS SERVICE

FT Managed Fund Service: the FT Managed Fund Service is a 5 digit code listed below. Calls are charged at 60p per minute at all times. International access available by subscription only. For more details call the FT Managed Fund Desk on +44 (0)1 753 4521.

Table of fund listings including columns for fund name, currency, and other details. Includes sections for 'Other Offshore Funds' and 'AEB Global Trading Investments Ltd'.

Table of fund listings including columns for fund name, currency, and other details. Includes sections for 'Global Asset Management' and 'Global Investment Services'.

Table of fund listings including columns for fund name, currency, and other details. Includes sections for 'Global Investment Services' and 'Global Asset Management'.

KNOWING YOUR INVESTORS IS ONE THING. KNOWING COUNTLESS DERIVATIVES IN 20 LANGUAGES IN 125 STOCK MARKETS IS ANOTHER. Serving Institutional Investors Worldwide.

MANAGED FUNDS NOTES: This section contains detailed notes regarding the managed funds, including information on currency, fees, and other relevant details.

Handwritten Arabic text at the bottom of the page, possibly a signature or reference.

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE (EMU) Prices in €
Austria (Apr 23) 1€ = 13.76030 S\$

GERMANY (Apr 23) 1€ = 1.93633 Dm
DAX 30

FINLAND (Apr 23) 1€ = 5.94573 Mk
HEX 15

FRANCE (Apr 23) 1€ = 6.5587 Ffr
CAC 40

IRELAND (Apr 23) 1€ = 0.7876 Poin
ISEQ 100

ITALY (Apr 23) 1€ = 158.2700 Lira
FTSEMIB

NETHERLANDS (Apr 23) 1€ = 2.2027 Ff
AEX 100

EUROPE (NON-EMU)
OSSE 100 (Apr 23 / Korea)

NETHERLANDS (Apr 23) 1€ = 2.2027 Ff
AEX 100

NETHERLANDS (Apr 23) 1€ = 2.2027 Ff
AEX 100

NETHERLANDS (Apr 23) 1€ = 2.2027 Ff
AEX 100

NETHERLANDS (Apr 23) 1€ = 2.2027 Ff
AEX 100

NETHERLANDS (Apr 23) 1€ = 2.2027 Ff
AEX 100

NETHERLANDS (Apr 23) 1€ = 2.2027 Ff
AEX 100

NETHERLANDS (Apr 23) 1€ = 2.2027 Ff
AEX 100

NETHERLANDS (Apr 23) 1€ = 2.2027 Ff
AEX 100

NETHERLANDS (Apr 23) 1€ = 2.2027 Ff
AEX 100

NETHERLANDS (Apr 23) 1€ = 2.2027 Ff
AEX 100

NETHERLANDS (Apr 23) 1€ = 2.2027 Ff
AEX 100

NETHERLANDS (Apr 23) 1€ = 2.2027 Ff
AEX 100

NETHERLANDS (Apr 23) 1€ = 2.2027 Ff
AEX 100

NETHERLANDS (Apr 23) 1€ = 2.2027 Ff
AEX 100

NETHERLANDS (Apr 23) 1€ = 2.2027 Ff
AEX 100

NETHERLANDS (Apr 23) 1€ = 2.2027 Ff
AEX 100

Rockwell
Rockwell Automation systems help Federal Express sort out their millions of packages for delivery.

FT/S&P ACTUARIES WORLD INDICES
The FT/S&P Actuarial World Indices are owned by FTSE International Limited, London, Stock & Co. and Standard & Poor's.

Emerging markets: IFC investable indices
Latin America, Africa, Asia, Europe, Middle East, North America, South America, Europe, Middle East, North America, South America.

AFRICA
SOUTH AFRICA (Apr 23 / Rand)
NATIONAL AND REGIONAL MARKETS

AFRICA
SOUTH AFRICA (Apr 23 / Rand)
NATIONAL AND REGIONAL MARKETS

The FT/S&P Actuarial World Indices are owned by FTSE International Limited, London, Stock & Co. and Standard & Poor's. All rights reserved. "FT/S&P Actuarial" is a joint venture of the United States and United Kingdom. FTSE International Limited and Standard & Poor's are not responsible for any loss or damage caused by any error in this publication.

NEW YORK STOCK EXCHANGE PRICES

1 pm EST April 26

Main table of stock prices with columns for stock symbols, company names, and prices. Includes sections for 'NEW YORK STOCK EXCHANGE PRICES' and 'NASDAQ LISTED STOCKS'.

IN.SECTS (Pan European Sector Indices from EuroBench) table with columns for Sector, Index, and Date.

Free Annual Reports Club: You can obtain the current annual reports and a complete quarterly record of any company on the US exchange with a \$4 symbol. To order reports ring names of the companies whose reports you want and fax your request to International Access.

Handwritten Arabic text at the bottom of the page.

GLOBAL EQUITY MARKETS

Table with multiple columns for US INDICES, US DATA, JAPAN, FRANCE, GERMANY, UK, and INDEX FUTURES. Includes market activity, volume, and price changes for various indices and sectors.

Table titled 'WORLD MARKETS AT A GLANCE' showing market indices for various countries including Australia, Brazil, Canada, Hong Kong, India, Indonesia, Korea, Malaysia, Mexico, New Zealand, Norway, Philippines, Singapore, South Africa, South Korea, Taiwan, Thailand, Turkey, and Venezuela.

AP 17:00 Market News... FTSE 100... Nikkei 225... DAX... CAC 40... Hang Seng... BSE SENSEX... NSE NIFTY 50... S&P 500... Nikkei 225... DAX... CAC 40... Hang Seng... BSE SENSEX... NSE NIFTY 50... S&P 500... Nikkei 225... DAX... CAC 40... Hang Seng... BSE SENSEX... NSE NIFTY 50... S&P 500...

Table titled 'THE NASDAQ-AMEX MARKET GROUP' listing various stocks with columns for symbol, price, change, and volume. Includes companies like Amazon, Microsoft, and others.

Advertisement for Birmingham and the West Midlands, featuring 'Financial Times Surveys' and 'Thursday June 3'. Includes contact information for Tracy Endacott and Anthony Hayes.

FT GUIDE TO THE WEEK

MONDAY 26

Kosovo tops agenda

Kosovo will top the agenda of today's European foreign ministers' meeting in Luxembourg...

UN spotlight

The United Nations committee against torture and the UN committee on economic, social and cultural rights begin separate three-week sessions in Geneva...

Kim calls in chaebools

Kim Dae-jung, president of South Korea, has summoned the heads of large family-run conglomerates, or chaebools...

The case for change

The most fundamental reforms to the English civil justice system in more than a century are to be implemented today...

Air power

The German wind energy association and the German renewable energy association meet in Bonn for a conference on what they can contribute to Germany's energy needs.



Sweeping changes aimed at cutting costs and saving time in Britain's civil justice system come into effect today

Annan in Germany

Kofi Annan, the United Nations secretary-general, visits Germany for talks with officials on the crisis in Kosovo...

Holidays

Pakistan, Australia, Algeria, Bahrain, Lebanon.

TUESDAY 27

Palestinian decision

Palestinian leaders are due to meet in Gaza to decide whether to declare an independent state on May 4...

Georgia joins up

Georgia becomes the 14th member of the Council of Europe at a ceremony in Strasbourg...

Bankers assemble

The International Monetary Fund and the World Bank spring meetings get under way in Washington...

under way in Washington with a meeting of ministers from the Group of 10 industrialised nations.

Holidays

Slovenia, Yugoslavia, Bangladesh, India, Pakistan, Sierra Leone, South Africa.

WEDNESDAY 28

Beef row report

The dispute settlement body of the World Trade Organisation in Geneva meets to hear from the European Union on what it is doing to comply with WTO rulings against its ban on hormone-treated beef...

Liberal views

The European Liberal Democrat and Reform Group, which holds 42 seats in the European Parliament, stages its annual congress in Berlin...

FT Surveys

Indian Banking and Finance; Business Solutions: Knowledge Management.

Holiday

Gambia.

THURSDAY 29

US-Japan summit

Keizo Obuchi, Japan's prime minister, pays a week-long state visit to the US - the first in 12 years by a Japanese premier...

EU on screen

European Union industry ministers, meeting in Luxembourg, will allow television cameras to transmit part of their discussions to demonstrate that not everything in the EU happens behind closed doors...

Holidays

Japan, Sri Lanka.

FRIDAY 30

WTO chief steps down

Today is the last day in office of Renato Ruggiero, director-general of the Geneva-based World Trade Organisation, and the final deadline for choosing his successor...

Bright ideas

The annual international inventions exhibition opens in Geneva (to May 9) with more than 625 exhibitors from 44 countries...



Property Organisation medals will go to the most outstanding woman inventor and the best inventor from a developing country.

FT Surveys

Russia; Asian Financial Markets.

Holidays

Denmark, the Netherlands, Sweden, India, Sri Lanka, Vietnam.

SATURDAY 1

French trade mission

Lionel Jospin, French prime minister, visits Egypt on a mission aimed at boosting trade and investment...

North Korea deadline

Today is the US Congress funding deadline for the Clinton administration to show it has made substantial progress with North Korea over inspection of possible nuclear activities.

Holidays

Albania, Austria, Belarus, Belgium, Bosnia, Bulgaria, Cyprus, Czech Republic, Estonia, Germany, Hungary, Iceland, Italy, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Luxembourg, Macedonia, Malta, Moldova, Norway, Poland, Portugal, Russia, Slovakia, Slovenia, Sweden, Tajikistan, Ukraine, Yugoslavia, Argentina, Bolivia, Colombia, Cuba, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela, Bangladesh, China, Hong Kong, India, Malaysia, Philippines, Singapore, Vietnam, Algeria, Benin, Botswana, Burundi, Cameroon, Central African Republic, Comoros, Congo, Cyprus, Egypt, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Ivory Coast, Kenya, Lebanon, Malawi, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Palestinian Authority, Rwanda, Senegal, South Africa, Syria, Tanzania, Tunisia, Uganda, Zimbabwe.

SUNDAY 2

Panama election

Panamanians elect a new president, one of whose most important tasks will be to manage the US handover of the Panama Canal on December 31...

Holidays

Macedonia, Russia, Slovenia, Yugoslavia.

Compiled by Roger Beale Fax 44 171 873 3196

ECONOMIC DIARY

Other economic news

Monday: French consumer price data for March are expected to confirm that annual inflation rose from 0.2 per cent in February...

Statistics to be released this week

Table with columns for Day Released, Country, Economic Statistic, Median Forecast, Previous Actual, Day Released, Country, Economic Statistic, Median Forecast, Previous Actual.

Table with columns for Period, Price, % change, % change, % change, % change, % change, % change.

Table with columns for Period, Price, % change, % change, % change, % change, % change, % change.

- ACROSS 1 View with esteem (6) 4 It's backed in the race to beat one (8) 9 It connects similar pressure points (6) 10 Disputed profit declared (8) 13 Fairytale prince given marching order (8) 15 Making jokes with no beginning, purely visual (6) 17 Travel free to the Orient (4) 18 Kissagram agency - an insincere profession? (3,7) 19 American beggar - a kitchen worker? (10) 20 Amphibians with feet going to two directions (4) 23 How to make do? (6) 25 Alienate sergeant in mess (8) 27 Window that provides ventilation and illumination (8) 28 A diminutive person - or a ten footer? (6) 29 Result of strikes in the metal industry (8) 30 Charm by being a close listener (6)

- DOWN 1 Coach, working on American lines (4-3) 2 Idiot, one fellow, to talk incessantly (2,3,3) 3 Regions about to be given charity (6) 5 It precedes the final position (4) 6 An office in which little or no work gets done (8) 7 Finally included without exception (2,3) 8 Provide some backing with one's name (7) 11 Takes turns off and relaxes (7) 14 Slender Parsec body (7) 17 Minor French island awaiting development? (9) 18 Creating trouble in the kitchen (8) 19 Peaceful waters? (7) 21 Retired train-bearer? (7) 22 A ragged child may be an old city feature (6) 24 Heavenly food for many a girl (5) 26 You used to be grand (4)

MONDAY PRIZE CROSSWORD No.9,971 Set by DANTE. A prize of a Tombow Lucca fountain pen and rollerball set, worth £125, will be awarded for the first correct solution opened. Solutions by Thursday May 6, marked Monday Crossword 9,971 on the envelope...

Solution 9,959. A 10x10 crossword grid with words filled in. Words include: GEMMA, GEMMA, GEMMA, GEMMA, GEMMA, GEMMA, GEMMA, GEMMA, GEMMA, GEMMA.

JOTTER PAD. TOMBOW FOR BUSINESS GIFTS TEL: (01732) 771771.

FIN World Business Newspaper. Europe's Final banks... Page 17. WORLD NEWS BUY. India faces political... elections are called. Greece to raise... biggest.